



BASEBALL CLUB  
Harvest EST. 1988

State CHAMPION

PLAYER: James 56

NORTH MEADOW GROUNDS NO 5

# Our brands

## Business area Corporate Promo



d-vice



hurricane



MACHAIR

nightingale



## Business area Sports & Leisure



CRAFT



sköna marie



## Business area Gifts & Home Furnishings



KOSTA LINNEWÄFVERI



Orrefors JERNVERK





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## 2009 in Brief

- Sales turnover fell by 11% to SEK 4,087 million (SEK 4,604 million).
- Profit after tax amounted to SEK 87.8 million (SEK 147.9 million).
- Earnings per share amounted to SEK 1.29 (2.18).
- Restructuring costs have affected the profit after tax by SEK 56.4 million.
- Cash flow from operating activities improved by SEK 1,074 million to SEK 806 million (SEK -268 million).
- Net debt to equity ratio amounted to 96.3% (140.5).
- The equity ratio amounted to 41.0% (34.1).
- The Board of Directors proposes a dividend of SEK 0.25 (0.18) for 2009.

### Corporate Promo business area

Sales turnover fell by 15% to SEK 1,876 million (SEK 2,216 million) and EBITDA amounted to SEK 168.5 million (SEK 316.9 million).

### Sports & Leisure business area

Sales turnover fell by 8% to SEK 1,574 million (SEK 1,714 million) and EBITDA amounted to SEK 122.1 million (SEK 160.3 million). Restructuring costs affected EBITDA by SEK 7.1 million.

### Gifts & Home Furnishings business area

Sales turnover fell by 5% to SEK 637 million (SEK 674 million) and EBITDA amounted to SEK -47.6 million (SEK -44.2 million). Restructuring costs affected EBITDA by SEK 70.1 million.

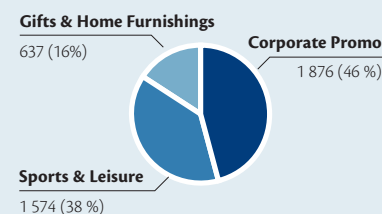
### Events in Brief

- The efforts to reduce the tie-up of capital have proved to be very successful, with the capital tied up in stocks being reduced by SEK 576 million.
- A savings package containing measures to streamline and improve profitability was launched at Orrefors Kosta Boda.
- The Kosta Boda Art Hotel was opened in Kosta.
- ProJob shows good levels of profitability and launched the protective shoes and work gloves product range.
- Cutter & Buck was introduced to the European market.
- Cutter & Buck extended its collaboration agreement with Annika Sörenstam until 2016.

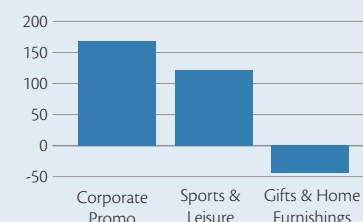
### New Wave Group in short

New Wave Group is a growth company that designs, acquires and develops brands and products in the corporate promotion, gifts and home furnishings sectors. The Group will achieve synergies by coordinating design, purchasing, marketing, warehousing and distribution of its product range. To ensure good risk diversification, the Group will market its products in the corporate promo market and the retail market.

### Turnover per business area, MSEK



### Result per business area, MSEK



### Key figures

|                                  | 2009    | 2008    |
|----------------------------------|---------|---------|
| Turnover, MSEK                   | 4 087.0 | 4 604.2 |
| Profit before depreciation, MSEK | 243.0   | 433.0   |
| Profit after depreciation, MSEK  | 172.4   | 368.8   |
| Profit after finance net, MSEK   | 126.2   | 232.8   |
| Gross profit margin, %           | 46.5    | 48.5    |
| Equity, MSEK                     | 1 807.1 | 1 833.8 |
| Return on equity, %              | 4.9     | 9.2     |
| Return on capital employed, %    | 4.3     | 9.0     |
| Net debt/equity, %               | 96.3    | 140.5   |
| Equity/assets, %                 | 41.0    | 34.1    |
| Number of employees              | 2 203   | 2 562   |
| Profit per share, SEK            | 1.29    | 2.18    |
| Equity per share, SEK            | 27.24   | 27.64   |



### Kosta Boda at Nordiska Kompaniet

In the summer of 2009, all of Kosta Boda's designers were exhibited for the first time, and simultaneously, at NK in Stockholm and Göteborg in Sweden. With a starting point of the four elements, new products and unique pieces were presented together with well-known Kosta Boda classics in every display window and in the NK department store's gallery.



### Swedish glass art in London

In June, Orrefors designer Lena Bergström exhibited her fantastic glass art at the famous Vessel Gallery in London once more. The elegant glittering and hand cut handbags in crystal drew great admiration and wonder.



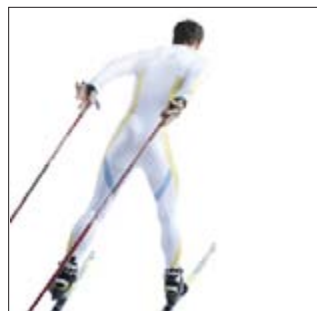
### Opening of the Kosta Boda Art Hotel

The hotel is a four-star design hotel decorated with glass art, in the form of both permanent installations and glass art exhibitions. Seven of Kosta Boda's well-known designers have contributed to the design of the various parts of the hotel. You can come here to give your body and soul a rest or to hold creative corporate meetings. Why not visit!



### Joyful Giftcard and Stadsmissionen collaboration

DJ Frantextil works together with Stadsmissionen (Stockholm City Mission) through its gift card known as the Joyful Giftcard. The collaboration involves the recipient of the gift card being able to donate their gift to Stadsmissionen rather than accepting it themselves. In this way Stadsmissionen has received blankets and towelling products corresponding to a market value of around SEK 400,000.



### CRAFT's national team kit

Following years of research, involving working closely with several of the world's best athletes and engineers, CRAFT presented an absolutely world-class cross-country skiing suit. The suit, which will be worn by the Swedish cross-country skiing team, contains muscle-assisting material and carbon fibre and features a unique ergonomic design that uses CRAFT's new Moving Wing Technology™.



### ProJob makes a big splash

ProJob, the proprietary brand in workwear, has established a stronger position over the course of five years. With stable sales turnover and good profitability, ProJob is clearly a well-established brand. During the year its line of products was extended with ranges of protective shoes and work gloves.



### Cutter & Buck introduced in the Nordic region

The Cutter & Buck textile golf collection is very popular throughout the USA and has maintained a strong position on the American golf market for some years now. During 2009, the brand has been launched within specialist golfing stores and has sold successfully in the corporate promo sector in the Nordic countries. Cutter & Buck is a premium brand that is primarily characterised by the market's widest selection of piqué.





## Statement by the MD and CEO

2009 has come to an end – one of the toughest and most difficult years so far, for New Wave, our staff and myself as CEO.

I think the TV presenter Mark Levengood's catchphrase sums up 2009 best: "You just have to accept it and move on".

If we start at the end — the fourth quarter — I am relatively pleased with the profit level, although we must perform considerably better in the future. As for stock reduction and cash flow, I am really proud of what we have accomplished, despite the knowledge that it really is a simple task to create cash flow and cut debts in a company with New Wave's capital structure. As I have always said, we can redirect our cash flow considerably if we end up in a tight situation, something which we now have proven with great vigour. Workwise, the fourth quarter was the first "normal" quarter in a long time. Now we can focus our time on the right things again, i.e. driving the company towards development.

Looking at the year as a whole, I am of course really disappointed in the reduced profit, but 2009 was an especially difficult year. However, I am very pleased with our cash flow, stock reduction and the fact that we are entering a new year with a very strong balance sheet.

But I also have some mixed feelings about this. Did we possibly over-react and cut costs and staffing levels by too much or too quickly? It was certainly not a pleasant experience having to make hundreds of people redundant. Even though this is done and dusted – and I am all too aware that my job is to maximise value for shareholders and I take this very seriously – I will always wonder whether it was the right thing to do in the long run, even for the shareholders and other stakeholders. But we were under so much pressure and felt there was no other option open to us.

One thing we – and others – should possibly learn from 2009 is to be a bit calmer and look more to the long term.

So, to sum up, I really do have very mixed feelings. In purely economic terms, we have exceeded almost everyone's expectations, but at a high personal cost for many former employees.

I am very optimistic about the future. Not because I believe there will be a major turnaround in the global financial situation or a better market very soon, but because we have a business concept that stands up to examination, fantastic employees, fantastic brands and once again a very strong balance sheet!

Both I and my colleagues are looking forward to being able to plan for new markets, to look at making acquisitions again and to focus on our customers and suppliers.

New Wave increased both its sales and its profit for the 17th year in a row and we will soon see a return to growth. A major lesson we have learnt from these events is, however, that from now on we must focus more on cash flow and how capital is tied up. In the future growth, we must tie up less capital per krona earned than used to be the case. We are now fully prepared for growth and we will be able to demonstrate this from the second half of 2010 whatever happens.

I look forward to leading New Wave forward together with my colleagues for many years to come.



Torsten Jansson  
Managing Director and CEO

# About New Wave Group

## Business concept

New Wave Group is a growth company that designs, acquires and develops brands and products in the corporate promotion, gifts and home furnishings sectors. The Group will achieve synergies by coordinating design, purchasing, marketing, warehousing and distribution of its product range. To ensure good risk diversification, the Group will market its products in the corporate promo market and the retail market.

## Vision

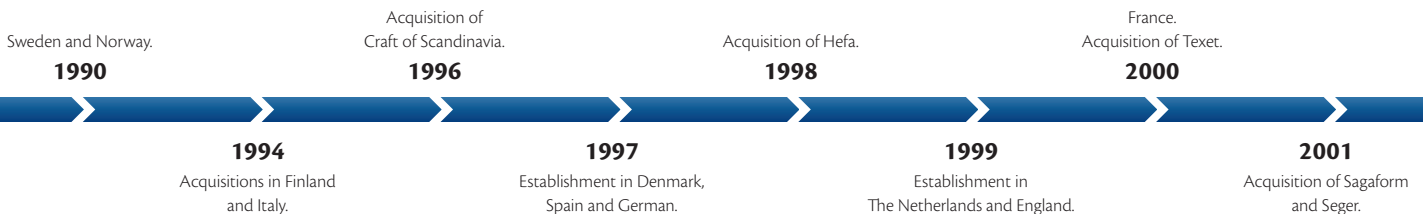
The vision for the Corporate Promo business area is to become the leading supplier in Europe and one of the leading suppliers in the USA of promotional products by offering retailers a broad product range, strong brands, advanced expertise and service, and superior all-inclusive concept.

The vision for the Sports & Leisure business area involves establishing the wholly-owned brands Crafts and Seger as international, functional sportswear brands and making Cutter & Buck a world-leading golf apparel brand. Moreover, the vision also entails strengthening Umbro in the Swedish market and Speedo also in the Norwegian and Danish markets. In all, we aim to become the leading sports wholesaler in Sweden, the rest of the European countries and the USA. Our vision is to make Pax the leading children's footwear brand in northern Europe.

The vision for the Gifts & Home Furnishings business area is to make Orrefors and Kosta Boda world-leading glass and crystal suppliers. Part of the vision also involves utilising innovative and playful design to make Sagaform a prominent player in northern Europe in both the corporate promo and retail markets. The Group's ambition is to become a prominent supplier in the North American corporate promo market through its presence in the USA.



Part of New Wave Group's vision is to become Europe's leading supplier of promotional ware.





### Profitability and growth targets

New Wave Group strives for a sustainable, profitable sales growth through expansion in its three business areas, Corporate Promo, Sports & Leisure, and Gifts & Home Furnishings. Over a period of one business cycle, the Group's growth target is between 20 and 40% per year, of which between 5 and 10% is organic growth and a 15% operating margin. New Wave Group aims for a 30% equity/assets ration over one business cycle.

### Strategy

To realise its targets, New Wave Group's strategy involves:

- acquiring, launching, and developing the brands in the corporate promo, sports, gifts and home furnishings sectors
- launching the brands and organisations in new geographic markets
- spreading the Group's values to new and acquired companies

### New Wave Group's values

New Wave Group is a decentralised organisation and the Group's values are its guiding principle. We are dedicated to upholding and spreading New Wave Group's values within the Group and particularly when acquiring new companies. New Wave Group does its utmost to find inexpensive, simple solutions and adheres to the motto "a penny saved is a penny earned".

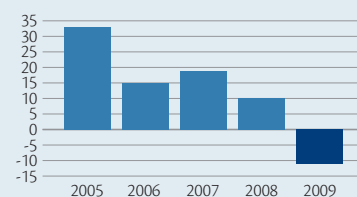
- It takes hard work to outperform our competitors.
- Employees must have the conviction to take initiative and to learn from their mistakes in a decentralised organisation.
- Focus on the customer is a central principle for the organisation as a whole and imperative to doing our utmost.

### History

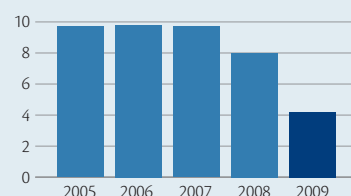
New Wave Group was founded in 1990 in Sweden and Norway and in 1994 in Finland. The Group ranks as a market leader in the markets, with an estimated promowear market share of about 30%. In 1996 Craft was acquired, which established the sales in the retail business area. With its 2001 acquisition of Sagaform, New Wave Group moved into promotional gifts, which generated substantial synergies with the Group's other corporate promo activities. In 2003, New Wave Group developed its own workwear concept under the Projob brand and sealed the venture with the acquisition of Jobman. Following its launch in workwear, New Wave Group is currently the only supplier to cover all three areas (promowear, promotional gifts and workwear) in the corporate promo sector. The Group has gradually expanded and set up organisations in Europe. New Wave Group has sales organisations and its own subsidiaries in 20 countries.

Via retailers, New Wave Group distributes the Craft brand in 26 markets in Asia, Europe and North America. The Orrefors Kosta Boda Group acquisition at the close of 2005 and the Cutter & Buck acquisition in 2007 secured a sound foothold in the North American market. Sales in non-Swedish markets make up 71% of the Group's total sales and amount to SEK 2,898 million. Sweden is the Group's most important market since most of the acquisitions the past years involved Swedish companies. However, the Group's strongest organic growth is reported outside Sweden, with emphasis on the rest of Europe.

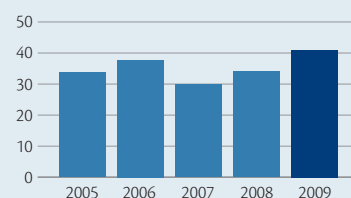
Growth %



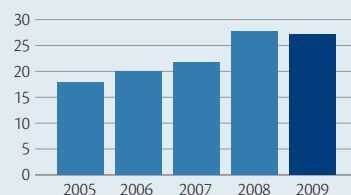
Operating margin %



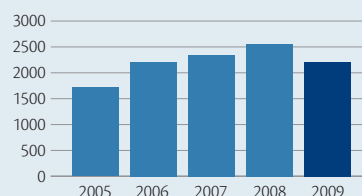
Equity ratio %



Equity per share, SEK



Number of Employees



Acquisition of DJ Frantextil, X-Tend and Toppoint.

2002

Acquisition of SMAP, DAD Sportswear and Jobman.

2004

Large investments in Orrefors Kosta Boda.

2006

Introduction of Clique/New Wave in the U.S. Establishment of New Wave Sports.

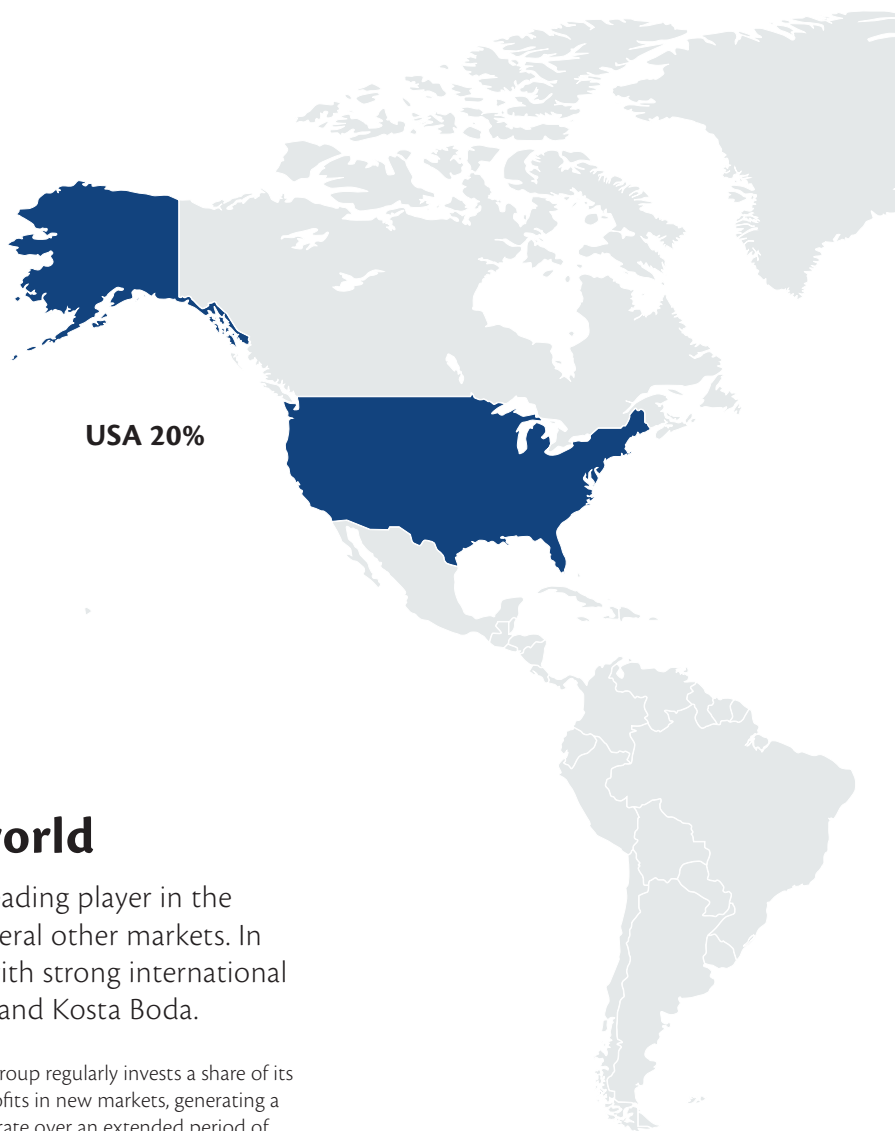
2008

2003  
Establishment in China and Switzerland.  
Establishing of Projob.

2005  
Ireland, Wales and Russia. Acquisition of Dahetra, Orrefors Kosta Boda and Intraco.

2007  
Acquisition of Cutter & Buck.

2009  
Grand opening of Kosta Boda Art Hotel  
Introduction of Cutter & Buck in Europe.



## New Wave Group in the world

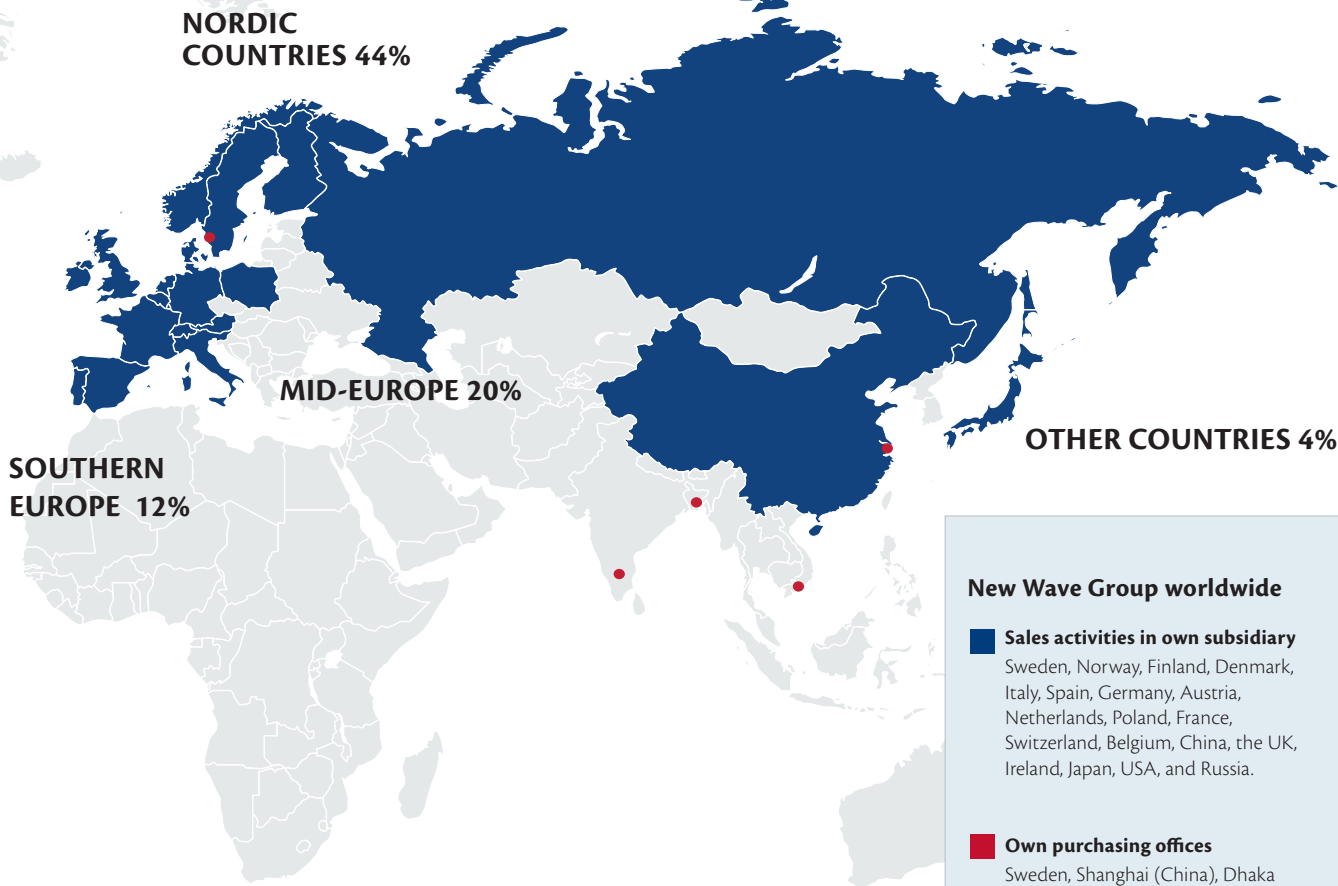
New Wave Group has evolved from market-leading player in the Nordic countries to a prominent player in several other markets. In each of its business areas. The Group works with strong international brands such as Craft, Cutter & Buck, Orrefors and Kosta Boda.

The Group's business strategy entails launching the brands and developing concepts on new markets. The company's tactics for foreign launches involves only targeting the corporate promo market to start with one or a couple of the Group's brands. Business must be conducted with low costs to limit the financial risks. When satisfactory profitability and good growth have been achieved, more corporate promo brands can be launched and the retail market targeted. If distributors handle the launches, retail launches can be carried out without promo launches, such as in the case of the Craft launch in the USA.

New Wave Group regularly invests a share of its operating profits in new markets, generating a high growth rate over an extended period of time. New Wave Group currently has subsidiaries in 20 countries and has carried out 192 launches under its existing brands. By solely introducing the Group's existing concepts in countries where the Group already has its own organisations, at least 100 new launches remain to be carried out.

### Sales per area

| MSEK             | 2009         | Part of turnover | 2008         | Part of turnover | Change MSEK | Change %    |
|------------------|--------------|------------------|--------------|------------------|-------------|-------------|
| Nordic countries | 1 815        | 44%              | 2 075        | 45%              | -260        | -13%        |
| Mid-Europe       | 804          | 20%              | 860          | 19%              | -56         | -7%         |
| Southern Europe  | 501          | 12%              | 560          | 12%              | -59         | -11%        |
| North America    | 797          | 20%              | 929          | 20%              | -132        | -14%        |
| Other countries  | 170          | 4%               | 180          | 4%               | -10         | -6%         |
| <b>Total</b>     | <b>4 087</b> | <b>100%</b>      | <b>4 604</b> | <b>100%</b>      | <b>-517</b> | <b>-11%</b> |



**New Wave Group worldwide**

- Sales activities in own subsidiary**  
Sweden, Norway, Finland, Denmark, Italy, Spain, Germany, Austria, Netherlands, Poland, France, Switzerland, Belgium, China, the UK, Ireland, Japan, USA, and Russia.
- Own purchasing offices**  
Sweden, Shanghai (China), Dhaka (Bangladesh), Ho Chi Minh City (Vietnam) and Bengaluru (India).
- Proportion of sales**

| Brands per country | Clique/New Wave | Clique Retail | Cutter & Buck | Harvest/Printer | Mac One/Jingham | Grizzly/Cotcover/Coal | DAD | INSIDEOUT | Sagaform | Craft | Seger | Jobman | ProJob | Toppoint | Hurricane | Orrefors | Kosta Boda | d-vice/USB-Premiums | Lord Nelson/Queen Anne | Pax/Sixöna Marie |
|--------------------|-----------------|---------------|---------------|-----------------|-----------------|-----------------------|-----|-----------|----------|-------|-------|--------|--------|----------|-----------|----------|------------|---------------------|------------------------|------------------|
| Sweden             | ●               | ●             | ●             | ●               | ●               | ●                     | ●   |           | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Norway             |                 |               | ●             | ●               | ●               | ●                     | ●   |           | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Finland            | ●               |               | ●             | ●               | ●               | ●                     | ●   |           | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Denmark            | ●               |               | ●             | ●               | ●               | ●                     | ●   |           | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Germany            | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| France             | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Italy              | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Belgium            | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Netherlands        | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ○      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Switzerland        | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Spain              | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Austria            | ●               |               | ●             | ●               | ○               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ○      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Great Britain      | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| China              | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Russia             | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Ireland            | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| USA                | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Japan              | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |
| Poland             | ●               |               | ●             | ●               | ●               | ●                     | ●   | ●         | ●        | ●     | ●     | ●      | ●      | ●        | ●         | ●        | ●          | ●                   | ●                      | ●                |



# Small company flexibility with large company synergies

New Wave Group markets its products under several different brands. The company strives for complete integration from the beginning of the chain in order to attain competitive advantages. The synergies are evident for business areas Corporate Promo, Sports & Leisure as well as Gifts & Home Furnishings within several areas.

### Design

The company has extensive experience of design and product development. Elaborate strategies are applied to each brand regardless of product category. The various concepts within the business areas Sports & Leisure and Gifts & Home Furnishings have their own product development activities. Corporate Promo's product development activities are coordinated since the design is less fashion sensitive.

Well designed promowear suits both men and women of working age and allow ample room for profiling (i.e. logotypes) since the clothes target the corporate market. Many of the designs for Sports & Leisure and Gifts & Home Furnishings are based on form and function. The Group has several close partnerships with athletes at both elite and amateur level in a variety of sports. Orrefors Kosta Boda teams with several famous artists, a collaboration that is also used in the development of the Kosta Linnewäveri and Orrefors Jernverk brands.

### Purchasing and production

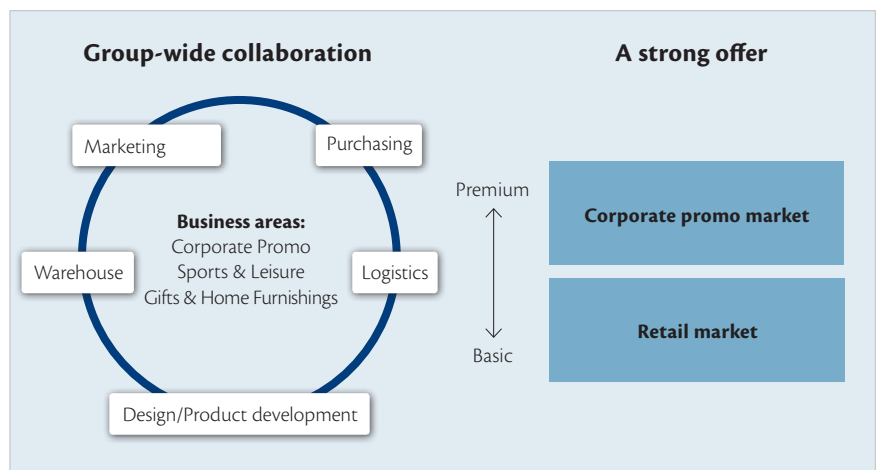
The Group's total purchasing volume considerably surpasses most of its competitors in the Corporate Promo market, giving major cost savings in terms of coordinating purchasing, transportation and warehousing. In addition to Sweden, New Wave Group has purchasing offices in China (1992), Bangladesh (1999), Vietnam (2003) and India (2007). New Wave Group currently has about 400 suppliers and aims to concentrate its purchasing activities to fewer markets.

The Group has locally employed quality controllers who supervise production and safeguard that the suppliers fulfil the Group's quality and environmental requirements. It is essential that quality issues are detected before the goods are shipped to Europe and the U.S. in order to correct them and deliver high quality products to the customer. The Group also has controllers employed to oversee that suppliers conform to the Group's Code of Conduct.

New Wave Group owns a few factories: In Sweden, Seger Europe has a production unit for knitted items (hats, socks and scarves), and Orrefors Kosta Boda glass making facilities. In the Netherlands, Toppoint runs printing operations for among other things, pen and mug prints. In Denmark, Dahetra owns a production facility for embroidery and transfer printing, and in the USA, Cutter & Buck has some embroidery production.

### Logistics and warehouse

Most of the Group's products are manufactured in Asia. Major economies of scale are possible by coordinating transports to Europe. The Group continues to concentrate on fewer warehouses which enables the Group to keep tied up capital at a minimum. Logistics can also be coordinated by doing business in both the corporate promo and retail markets, where the two sales channels have most products in common.













## Business area Corporate Promo

Business area Corporate Promo is New Wave Group's largest business area and the brand is divided into three segments, namely promowear, workwear and promotional gifts. Business is conducted with 24 brands in a total of 19 countries on three continents. The business area's domestic market is the Nordic countries which also answer for most of the sales at 46% of the Group's sales in 2009 and SEK 168.5 million of the Group's profits (EBITDA). The brands in the Corporate Promo business area are sold primarily in the corporate promo segment, but some brands are also sold in the retail segment.

### The market

The promo market showed a decline of about 25% in 2009 and this was of course reflected in the Corporate Promo business area. The distinct decline as a result of the global economic situation concerns the Nordic market as well as the rest of Europe and the USA. There has been some elimination in terms of both wholesalers and retailers.

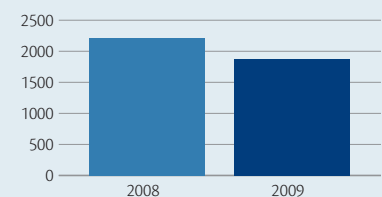
In Europe, estimates indicate sales of about SEK 92 billion for promowear and promotional gifts at wholesaler level after the decline. In Sweden, the two product segments generate about the same share of sales. In total, sales in the European market at wholesaler level are estimated at about SEK 35 billion for promowear and SEK 57 billion for promotional gifts. The North American corporate promo market generates sales of about USD 11 billion at wholesaler level, of which about USD 3 billion stems from promowear and USD 8 billion from promotional gifts. The market for workwear has for many years expanded, but now faces a weakening.

The Swedish corporate promo market is considered to be the largest in Europe in relation to population and is very well established. New Wave Group holds the largest market share in markets where it has done business the longest – Sweden, Norway and Finland. New Wave Group achieved the position of market leader through its broad range of products, excellent service and delivery accuracy, strong customer focus within the entire organisation, and by offering differentiated concepts complete with marketing kits, IT solutions, etc. New Wave Group is also the only supplier that can cover the retailers' needs in all three corporate promo segments.

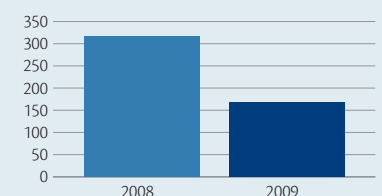
### The future

New Wave Group predicts the greatest growth potential for the Corporate Promo is in non-Nordic countries. The market situation in the Nordic countries mandates continuously better market concepts for the retailers. This gives the company a competitive advantage in the rest of Europe where the concept is not as well developed and the collections that are marketed are often narrower and less thoroughly designed. In times of financial difficulties, business companies and organisations are more prone to foster customer relations through relationship and loyalty-pro-

**Turnover Corporate Promo  
MSEK**



**Result (EBITDA) Corporate Promo  
MSEK**





New Wave Group can offer products from all three segments of the Promo business area - promowear, promotional gifts and workwear.



moting media like promotional products, and to cut back on larger investments like mass media campaigns. This means potential advantages for the promotional market.

### Our offer

Corporate Promo's segments – promowear, promotional gifts and workwear – consist of products that cover all price levels and qualities. Promowear and promotional gifts have similar application areas (to promote and market the brand) and are marketed by the same type of retailer. Workwear is primarily used when functional, durable work clothes are needed in many professions.

Within the promowear segment, New Wave Group offers clothes adapted for printing and embroidery which, in addition to price and quality, also cover all application areas and sizes – from favourably priced basic garments to detailed garments made of exclusive textiles, leisure, work and sports clothes, clothes in classic and trend colours, in sizes from XS to XXXL. New Wave Group's promowear brands are divided

into three concepts that include such brands as DAD Sportswear, New Wave and James Harvest Sportswear.

The promotional gift concept is broad and the segment covers a multitude of products and price classes. New Wave Group can through its concept, which includes such brands as Top-point, d-vice and Queen Anne, offer everything from pens, USB flash drives and digital picture frames to handbags, bed linens and towels.

The final piece of the Corporate Promo puzzle is workwear. In Sweden, there is a vast need for and expertise in personal protection and the issue is intensely promoted by trade unions and employers. New Wave Group can through the two brands, Jobman and ProJob, offer work clothes for such professional categories as construction and installation, painters and plasterers, transport and service, as well as hotel and restaurant. The collection is all-inclusive, ranging from underwear to outer garments for all seasons and weather conditions, reflective clothing, shoes, gloves, carrying systems and accessories. All gar-

ments and products are ergonomic and durable, and come in sizes for both women and men.

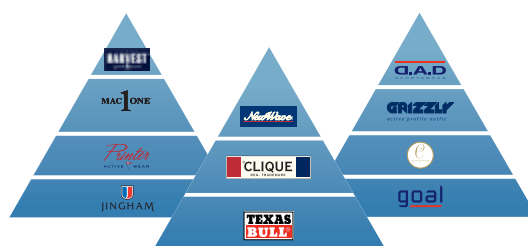
### Sales channels

The Nordic promowear and promotional gifts market is distinguished by a clear distribution chain: manufacturer – wholesaler – retailer – end customer. The distribution chain is not as well organised in South and Central Europe. Distributors who market brands that they do not themselves own often have substantial influence in the market. The North American market is much more advanced and the distribution chain resembles the Nordic market.

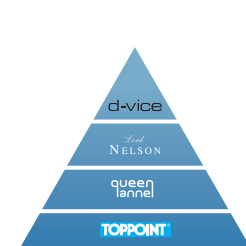
In Sweden, there are about 2,500 retailers of promowear and promotional gifts, a high figure per capita compared with the rest of Europe and the North American market. There is a wide variety of retailers, ranging from simple sole proprietorships to large companies with high-end displays and a travelling sales force. Some retailers target one of the three segments, while others work all three. Most are pure sales companies, but it is equally common that retailers also print,



The workwear pyramid



The promo pyramids



Promotional gifts and the gift pyramid



Promotional gifts is a broad concept that encompasses many different types of products and price levels.



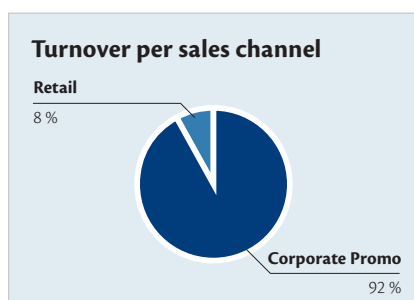
embroider, and engrave in order to offer a more complete alternative.

Workwear has traditionally been sold via special retailers for construction and industry, paints, etc. but today more and more channels include workwear by either collaborating with already established brands or by designing their own brands and collections. The reason for this is that the sector has been in a growth stage for many years but is also attributed to a greater interest in the domestic market spurred by the many DIY and home decorating television programmes. In the future, distribution will probably be even more differentiated as more players in Sweden and Europe try to establish themselves on the workwear market.

### Capital tied up

A company that orders promowear in corporate colours for its employees or customers relies on the supplier being able to deliver a full range of sizes and the right colours. For instance, if New Wave Group cannot deliver products in a medium size or in the end customer's corporate

colours, the customer will turn to a different supplier. The Group's ambition is to deliver 98% of the Group's products within 24 hours. The risk of obsolescence is low since most of the collection comprises timeless base products for which there is a demand season after season. Adjustments for changes in purchasing prices are made continuously since sales are instant which limits the foreign exchange risk. Sales are made to selected retailers and credit losses are relatively low. In 2009, confirmed bad debt losses in the promo business area made up 0.38% of sales. Many of the products are the same for both corporate promo and retail, which provides a significant spread of risk. Moreover, the two sales channels can use the same catalogues.











## Business area Sports & Leisure

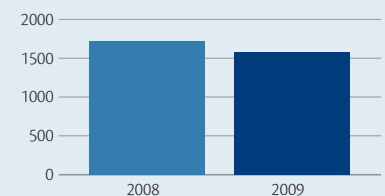
Business area Sports & Leisure includes several famous international brands like Cutter & Buck, Craft and Seger. Business is conducted with 8 brands in 13 countries, primarily in the Nordic countries and North America. Two licensed brands are sold alongside the company's own brands in Sweden, the business area's domestic market. Sports & Leisure answered for 38% of the Group's sales in 2009 and SEK 122.1 million of the Group's profit (EBITDA). The business area has been charged with SEK 7.1 million in restructuring costs. Most of the sales relate to the retail market (sports retail sector) but some sales also stem from the corporate promo market.

### The market

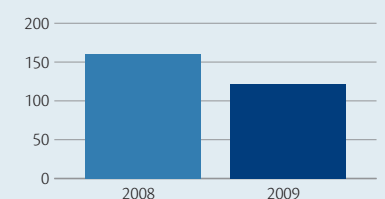
The Swedish sports retail sector reported sales of about SEK 18.5 billion in 2009 and about 7% in growth compared with 2008. A group of large-scale chains and purchasing groups dominate the sports retail sector which also comprises independent shops. The chains have grown constantly in strength and expanded distribution while independent multi-sports shops have declined and either disappeared or been incorporated in a chain. Specialist niche shops for outdoor activities, cycling, running, etc. upheld a stable level and even grew in certain categories. The largest players today are Stadium, Intersport, Team Sportia, Sportringen/Sportex, Naturkompaniet and Löplabbet.

New Wave Group currently does business with six brands in the sports retail sector, namely Craft, Seger, Clique, Cutter & Buck, Speedo and Umbro. The Group has integrated all business activities in New Wave Sports AB. New Wave Sports is one of Sweden's largest sports wholesalers, providing the Group with a considerably better negotiating position in dealing with large

**Turnover Sports & Leisure**  
MSEK



**Result (EBITDA) Sports & Leisure**  
MSEK





Craft and Cutter & Buck are two of the sports brands included in New Wave Group's sports business in Borås, New Wave Sports AB.

Pax' much appreciated children's shoes have been on the Swedish market for 80 years.



purchasing chains. Through this our customers enjoy much better service in terms of placing orders, logistics and invoice processing. New Wave Sports' distribution centre is located in Ulricehamn.

### **Cutter & Buck**

Cutter & Buck is a world-leading US brand in exclusive golf apparel that was founded in Seattle, USA in 1990. The brand is sold via several different distribution channels, including the golf retail sector, the corporate promo market, the fashion retail sector and directly to the consumers (ecommerce and mail order). The objective is to build up a strong position in the golf and ready-to-wear sectors also in the European markets in the long term. Cutter & Buck is a strong platform in the North American market to introduce existing concepts.

### **Craft**

Craft is the obvious choice for genuine sports lovers at all levels, from elite athletes to casual exercisers, active in running, cross-country skiing, cycling and Alpine skiing. The products aim to be the market's most innovative, which is guaranteed through close R&D collaboration with some of the world's best athletes. Craft has built a credible brand by designing functional base garments for 30 years that revolutionised the world of sports. Sweden is Craft's domestic market as well as its principal market and answers for over 20% of the annual sales. Defined focus markets with major potential include the other Nordic countries, Germany, the Benelux countries

and Switzerland. Competitors vary slightly depending on product segment, but the main ones are Adidas, Nike, Helly Hansen, New Line, Swix, Odlo, Falke, Löffler, Björn Dählie, Spyder, Phenix and Kjuus. Craft's challenge for the future is to reinforce the brand internationally, and achieve the same strong position as in its domestic market.

### **Seger**

For consumers who care about what they wear, Seger is the obvious choice for functional garments. Seger's expertise, experience and innovativeness make it a brand that with self-confidence and attitude offers the conscious consumer an obvious choice. In the Swedish market, brands like Bula, X-Socks, housebrands and new niche brands are the main competitors. In the export market, Seger is challenged by names like Falke, X-Socks, Bula, Steffner, Eisbaer, and the sports chains' own brands. Seger is mainly marketed in the Nordic countries, but is now also concentrating export activities to the rest of Europe. Presently, Seger is available in Finland, Denmark, Poland, Bulgaria, Russia, Czech Republic and Japan. Even more markets will be addressed in Central Europe in 2010-2011.

### **Clique Retail**

The products in the Clique Retail collection are primarily basic ready-to-wear, i.e. products that have a high turnover rate and are sold with good profitability for the shops. Clique Retail garments are comfortable and appealing, and stand for good quality in relation to price. Clique Retail's largest competitors are the sports

retail chains' own brands. It has become our greatest challenge to explain the brand's simple yet profitable concept: we handle warehousing and assume therefore the greatest risks for lack of profitability. Sweden is Clique Retail's largest market at present and customers consist mainly of sports chains sector, other retail and everyday commodity sector.

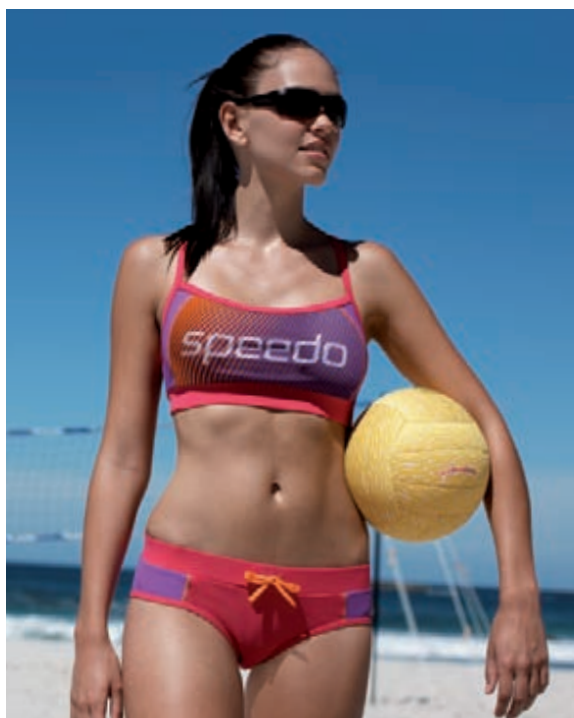
### **Pax and Sköna Marie**

New Wave Group has a company active in the footwear retail sector, Pax Scandinavia AB, which serves as wholesaler and distributors of the Pax and Sköna Marie brands. Pax is quality shoes for "happy children and relaxed parents" and distributed since 1929 in the Swedish and Finnish markets. Main competitors include the footwear retail sector's own brands plus Kavaf, Viking and Ecco. Sköna Marie is a classic, high-quality Swedish footwear brand for women with strict demands for comfort. Rieker, Ecco and the chains' own brands are the brand's primary competitors. The footwear retail sector is a highly fragmented one with many independent shops. The largest players include Din Sko, Skopunkten, Scorett and Eurosko.

### **Licensed sports brands**

New Wave Group has a portfolio of very strong sports brands in various areas. The Group's main strategy is to own and thereby develop the brands. Historically, licensing has not been part of our core business.





The Group's two licensed brands Umbro and Speedo help strengthen New Wave Sports AB as a complete supplier to the sports retail business.

Below are the licensed brands that New Wave Group markets in the Swedish and Nordic markets.

### Umbro

Umbro is a firmly established football-related brand that has global representation. Its head office is in Manchester, England where it was founded in 1924. Umbro designs, develops and markets football-related products sold in 90 countries the world over. Umbro also supplies the Swedish, British, Irish and Norwegian national teams with games and practice uniforms. Umbro sponsors several international professional clubs and prominent individual stars like Michael Owen, John Terry, Deco, Hernand Crespo, Anders Svensson and Jessica Landström.

### Speedo

Speedo is the world-leading swimwear, bathing clothes and equipment manufacturer, with products for adults and children, casual swimmers and elite swimmers. Speedo focuses on high quality and functional materials. At the 2008 Olympics in Peking, 93% of all gold and 87% of all medals were won in a Speedo LZR Racer. Speedo was founded in Australia in 1928.

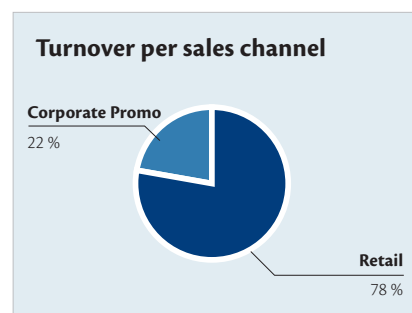
### Sales channels

The retail sector is the natural channels for meeting the market for all the business areas brands. Craft, Seger, Clique, Umbro, and Speedo all have a verified position in the sports retail sector.

2009 was a tough year and sales in the corporate promo segment and to sports clubs decrease by about 20%.

### Capital tied up

New Wave Group's objective is to keep the stock of fashion items low since the lifespan for these items is short. The retail sector focuses on less fashion-sensitive areas, such as Craft's function base garments and Seger's socks. In the retail sector sales consist largely of advanced orders compared with the corporate promo market where deliveries are made directly against order. This means, for instance, that the customer places an order in the spring for delivery in the autumn. About 70–75% of the sales in the retail sector are advanced orders. In conjunction with orders from customers, the Group places orders with the factory, which significantly reduces the risk of obsolescence. The rest of the sales, called supplementary sales, are primarily base items with limited fashion risks. In order to limit its foreign exchange risk, the company hedges between 50 and 80% of the purchasing costs. Sales are made to selected retailers and credit losses are low. However, there is a higher concentration to fewer customers in the retail segment compared with the corporate promo segment. In 2009, confirmed bad debt losses in the business area made up 0.35% of the sales. Most of the products are the same for corporate promo and retail, which provides a significant risk diversification. Moreover, the two sales channels can use the same catalogues.





## Gifts & Home Furnishings business area

The Gifts & Home Furnishings business area includes several strong brands like Orrefors, Kosta Boda and Sagaform. In total, the business area's seven brands are established in 17 countries. Sweden is the domestic market and accounts for the highest sales. Gifts & Home Furnishings answered for 16% of the Group's sales figures in 2009 and a loss of SEK 47.6 million (EBITDA). The business area has been weighed down by restructuring costs of SEK 70.1 million. While the brands are mainly sold in the retail market some sales also occur in the corporate promo market.

### The market

The global recession that started in 2008 was hard on the gifts and home furnishings industry and 2009 was also a tough year for the market. However, by the end of the year there were signs of stabilisation, albeit at low levels. Competition between handmade and machine-made glass for instance is even tougher.

The USA is the largest export market for Orrefors and Kosta Boda. The brands suffered from the collapse of the North American market in 2008, though not as severely as many of their competitors and in 2009 there were signs that the market is stabilising. Orrefors and Kosta Boda have an interesting market in anniversary products, special production and decorations due to their flexible craftsmanship and design.

The Sagaform brand has, despite the global recession, done very well. In the specialised retail trade the brand gained market shares due to competitive pricing, excellent news value in the collection which sparked dealers and consumers' purchasing interest, as well as a broad distribution. Awareness of the brand also increased substantially. However, sales in the corporate promo market were lower than previous years. To compensate for the decline, Sagaform has during the year launched a concept where corporate customers can design their own promotional products based on the Sagaform idiom. A possibility to become even more personal, unique and distinctive in the promo business.

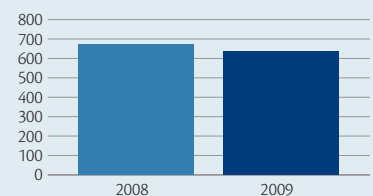
TV's focus on do-it-yourself and home decorating programmes provided a boost to gifts and home furnishings the past years, which is positive

for New Wave Group's gifts and home furnishings brands. The Christmas season remains the most important period for the gifts segment, but as we to a greater extent adopt new holidays and traditions such as Valentine's Day and Halloween, gift sales also increase.

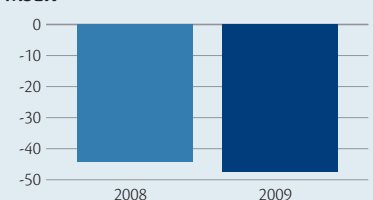
### The future

The Group has taken steps to put Orrefors Kosta Boda back on its feet and predicts strong growth potential especially in the Chinese market where we today have 19 Orrefors Kosta Boda shops.

**Turnover Gifts & Home Furnishing MSEK**



**Result (EBITDA) Corporate Gifts & Home Furnishing MSEK**







Kosta Linnewäfveri offers products that speak to the Swedes' growing interest in interior design.



In the summer of 2009, all the Kosta Boda designers were exhibited simultaneously for the first time at NK in Stockholm and Göteborg. Based on the four elements, news and unique pieces were presented together with well-known Kosta Boda classics in all the shop windows and in the department store atrium at NK.



The newly opened Kosta Boda Art Hotel has also created possibilities for the Kingdom of Crystal tourism area and the Kosta Boda brand.

Favourably priced, innovative gifts for the kitchen and tabletop do not seem to be affected by the lacklustre market but instead appear to be strengthening its position. This speaks well for Sagaform. A strengthening of brand awareness, increased market shares and improved recognisability shows good prospects for the coming year. In times of economic crises, the value of strong brands is particularly evident and we see in this enormous potential for the future.

### Orrefors

The Orrefors brand is distinguished by a classic design elegantly depicted in clear crystal. A timeless design, with an equally contemporary signature runs like a red thread through Orrefors' more than 100-year history and market position. Orrefors is the reliable, lasting gift for friends, weddings and homes. The brand's foremost competitors in Sweden include Iittala, Riedel, Spiegelau, Skruf, and Målerås while Waterford, Baccarat, Lalique, Swarovski and Riedel are its primary competitors in export markets. Orrefors' natural domestic markets are Sweden and the Nordic countries. The company will intensify its activities in Europe and Asia and has particularly high expectations in Japan and China where the brand is positioned and sold in the company's 19 shops. The challenge in the important North American market is to defend the market shares acquired over an extended period and persevere throughout the present weakened economic climate in the USA.

### Kosta Boda

The Kosta Boda brand is distinguished by a distinct design language and commanding self-esteem. Free, bold shapes and striking colours reflect artistry and artistic expression that exudes self-confidence and dares to be different. Kosta Boda is the ideal gift for self-confident customers audacious enough to stand out and who have a fondness for artistic expression. The brand's foremost competitors in Sweden include Målerås, Iittala and retailer brands. In export markets, Kosta Boda mainly competes with Hadeland, Magnor, Holmegard, Villeroy & Bosch and Rosendahl. As with Orrefors, Sweden and the Nordic countries constitute the natural domestic market. Also Kosta Boda will intensify its activities in Europe and Asia. Expectations are particularly high in Japan and China where Kosta Boda's glass art has attracted substantial interest and thereby generated a lot of attention for the standard collection. In the USA, Kosta Boda must like Orrefors persevere until the weakened economic situation is resolved.

Kosta Boda Art Hotel gave Kosta Boda the opportunity to develop a new product category, bathroom. The first collection will be presented during spring 2010. Interest has been great and there is an exciting development potential in the field of interior design when it comes to the handmade glass.

### Kosta Boda Art Hotel

In the summer of 2009 Kosta Boda Art Hotel opened in Kosta. The world's first art glass hotel where Kosta Boda's seven designers had a hand

in all the art glass décor. With its 102 rooms, several conference rooms, indoor and outdoor pools and large spa area, the hotel has generated a real upswing for Kosta's tourism and boosted the number of visitors throughout the entire region.

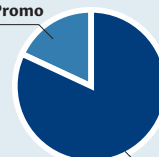
### Kosta Linnewäfveri/Orrefors Jernverk

Clearly associated with the quality and design traditions of Orrefors Kosta Boda, these brands offer an exciting collection of home furnishing products for design-conscious customers who appreciate Swedish design. The collection has both classic and revolutionary, provocative products. Design, quality and form are prestige words but focus must be on function. Principal competitors include Lexington, Gant, Georg Jensen, Alessi, Stelton, Design House Stockholm, Himla and Klippan. At present, products are sold mainly in the Nordic market, although our long-term objective is to capitalise on markets where Orrefors Kosta Boda is established.

### Turnover per sales channel

#### Corporate Promo

18 %



#### Retail

82 %



The new Sagaform series LOOP's ambition is to create mugs and cups whose shape, colour and form reinforce the taste sensation. LOOP consists of tea cup and saucer, mugs and espresso goods in blue and green with accents of black and red.

## Sagaform

Sagaform sells welcoming, innovative gifts for the kitchen and table settings. The products are favourably priced for consumers looking for an everyday luxury gift for someone else as well as for themselves. The Sagaform brand is distributed in both the retail and corporate promo segment. Principal competitors include Iittala, Menu, Eva Solo, and others but also the chain store's own brands. Sagaform concentrates on its domestic market in Sweden where it aims to become the leader in the innovative gifts product segment. In the export area, the other Nordic countries as well as Great Britain, Germany, France and Benelux are the main priority. In the USA, the company aims for growth with the support of the strong presence of Orrefors, Kosta Boda and Cutter & Buck.

## Sales channels

The Swedish retail sector is undergoing a major restructuring where we see consumer interest in traditional glass and ceramics falling in favour of design and home decorating shops. The expansion of on-line shopping is another strategically important aspect where the shift in customers' buying patterns demands completely different availability than previously. During the fall of 2009, Orrefors Kosta Boda launched its first webshop in the Swedish market and developing potential for this type of business is great.

Some of the Orrefors, Kosta Boda and Sagaform brands' sales activities target the corporate promo markets where the products are used as everything from simple gifts to exclusive anni-

versary gifts and mementos. Orrefors and Kosta Boda uphold their position as an interesting alternative for occasions warranting high-class objects. Sagaform's products are popular as Christmas and summer gifts to employees and customers.

In 2009, the Sagaform brand has invested a lot of effort in deepening and intensifying its collaboration with existing customers. An effort to reach new customers and new distribution has begun, and has already had some effect over the past year. A project to market Sagaform on the web has also been initiated.

Some of the largest gifts and home furnishings chains are Bruka, Cervera, Design Torget, Inspiration, Lagerhaus, NK, Stockmann, Tilbords, Åhléns, and more. The market also accommodates several independent specialised retail businesses. Sweden, Denmark and Norway have a well developed speciality trade, while Finland has historically had a strong department store culture.

## Capital tied up

Production in Orrefors Kosta Boda is conducted throughout the entire year, while sales occur primarily during the second half of the year. Consequently, tied up capital is most considerable the first part of the year. Most of the production involves classic and popular products like Mine, Château, Line, Intermezzo and others with a product cycle in excess of 20 years, which reduces the risk of obsolescence. For the part not in-house manufactured, most purchases are made against stock for later sale to customers.

Sagaform's products are joyful and innovative gifts for the kitchen and the dining table, both indoors and outdoors.



New Wave Group limits its foreign exchange risk by hedging between 50 and 80% of the purchasing costs. Sales are made to selected retailers and credit losses are low. However, there is a higher concentration to fewer customers in the retail segment compared with the corporate promo market. In 2009, confirmed bad debt losses in the business area made up 0.35% of the sales. Most of the products are the same for corporate promo and retail, which provides a significant risk diversification.

## Sponsorship and partnerships

Orrefors Kosta Boda has a number of prestigious trophies and awards contracts. Each year, Orrefors designer Efvä Attling designs the Grammis Award in partnership with artist Kjell Engman, and Kosta Boda designs the international award for the Eurovision Song Contest. In addition to these contracts, the Jerring Award and People's Choice Award is created by Orrefors Kosta Boda every year. Orrefors Kosta Boda also makes the prize for the TV production Let's Dance in partnership with TV4.

Sagaform has throughout 2008 focused on loyalty campaigns based on the gift-with-purchase concept which, together with retailers and their customers, has generated major business. Also in the years to come, Sagaform will strongly support their resellers in this form of campaign approaches. One is the collaboration with Santa Maria where Sagaform together with the reseller has managed to sell in large volumes of the Tex Mex series.



## Ethics and the Environment



Ethics and the environment have always been important issues for the New Wave Group, and the Group closely monitors how suppliers treat their employees as well as issues relating to the environment.

### **Social Code of Conduct**

The New Wave Group has a responsibility to ensure that its own operations and those of its suppliers respect the legal requirements in various countries as well as international organisations' views of basic rights. The Group's Code of Conduct is applied to all factories that are involved in the production of the New Wave Group's products. While the Group is aware of the different legal and cultural conditions under which factories operate all around the world, this Code of Conduct defines basic requirements that all factories must comply with in order to do business with the New Wave Group.

The Code of Conduct is an agreement that the Group's suppliers commit to observing, and prescribes, among other things, that the supplier must comply with legal requirements and provide the Group with full access to factories and data for evaluation of the supplier's compliance with the rules. The Code of Conduct further includes, inter alia, bans on child labour and discrimination, requirements for basic working conditions, the right to freely organize trade unions, payment of minimum wage and overtime pay, and limits on hours of work. Since 2008, the New Wave Group has been a member of the Fair Labor Association (FLA, see [www.fairlabor.org](http://www.fairlabor.org)) which is an international organisation that works to improve the social situation and working conditions in production countries and is a model for the future. The FLA's code of conduct, to which the New Wave Group has conformed its code, provides the same customer requirements to all suppliers, thus making it easier to implement requirements, to institute training, to conduct evaluation and audits, and for the supplier to comply.



### **Direct trade**

The New Wave Group's purchasing strategy is based on purchasing directly from manufacturers via the Group's own purchasing offices. Quality controllers and Code of Conduct staff from the Group are on site at the factory, which is a prerequisite for the creation of an effective management system for environmental work and the Code of Conduct. Although the basic requirement of a supplier is total access and transparency, this is sometimes difficult to achieve because there are so many different stages in the production chain. However, the New Wave Group's substantial local presence gives the Group good control over all aspects of production, particularly social responsibility.

### **Code of Conduct organisation**

The Group's Code of Conduct organisation is led from our head purchasing office in Shanghai, and currently employs a total of eight people working full time among the 4 liaison offices. The Group also has over 30 trained quality controllers throughout Asia who conduct "visual inspections" at the factories, in some cases daily. In total, the New Wave Group conducts nearly 300 full inspections and more than 1,500 visual inspections each year.

### **Continuous improvements**

The Group's supplier strategy is to create long-term relationships while maintaining a minimal number of key suppliers, thus enabling the Group's recognition as a large and important customer and the benefits that come with such distinction. As part of its strategy, the New Wave Group strives to work with its suppliers to improve and develop within the Code of Conduct requirements. To this end, the Group uses announced and unannounced inspections by COC staff, regular visual checks by quality controllers, independent audits by FLA, as well as training seminars by local NGOs. Such constant evaluations and training provide the New Wave Group with the ability to identify potential pitfalls before they happen. Even in the instances when faults are identified, the Group's

strategy allows it to isolate the issue and develop a remediation plan to bring the supplier back to an acceptable position within a reasonable timeframe—usually 1-3 months—rather than immediately terminating a supplier. Through such means, the New Wave Group can achieve the highest possible compliance of the Group's strict minimum requirements while at the same time making significant social advancements in the production countries.

### **The environment**

The New Wave Group recognizes how closely connected its business activities are to local and global environmental issues. To this end, the Group is actively engaged in "green management," an effort to reduce environmental threats through implementation of business plans that incorporate environmental considerations. Specifically, the New Wave Group is developing plans for Transportation, Eco-friendly offices, Packaging, Chemical use, and 'Green' production.

**Transportation & Logistics:** Developing and using the cleanest and most efficient transport operations is a significant concern to the New Wave Group. The Group works with some of the largest transportation companies in the market, all of which have environmental programmes in place for their operations. An evaluation of these programmes is an important element of the procurement process for freight services. In order to reduce the impact on the environment, the Group consolidates as much as possible of its Asian transport operations between the various companies. In addition, the New Wave Group has joined "Clean Shipping," an attempt to pressure shipping companies to use cleaner vessels. The Group also strives to minimize its use of air transport, a source of great impact on the environment, for only the most essential needs.

**Eco-friendly offices:** All companies in the New Wave Group strive to reduce their consumption of water, electricity and paper, to eliminate waste, and to ensure hazardous materials are disposed of properly.

**Packaging:** Production units are using recycled materials such as plastic bags and cardboard cartons for shipping product as well as reducing and eliminating unnecessary packing material.

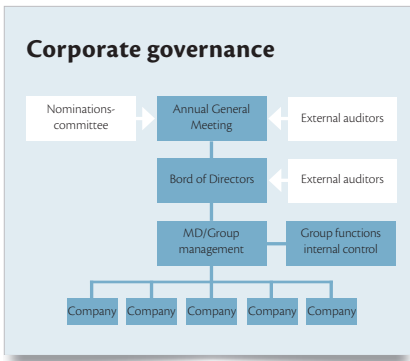
**Chemical use:** Quality control visual inspections allow the New Wave Group to maintain strict control over the chemical substances used in and for its products. The Group is committed to taking steps to reduce, substitute and eliminate chemical substances that are harmful to the environment.

**Green production:** The New Wave Group is developing sustainable products using new materials such as organic cotton and recycled fabric. The Group also imposes strict requirements on its suppliers to use humane treatment on animals including but not limited to certification against plucking feathers from live birds.

In addition to developing environmental business plans, the Group strives to achieve environmental awareness through close collaboration with suppliers. The Group's Code of Conduct defines requirements for environmental issues including but not limited to water treatment, waste management and chemical handling. Suppliers must also comply with the chemical restrictions defined in the chemicals guide issued by the Textile Importers Association in Sweden, as well as the prevailing rules in the EU and the USA in respect of such matters as the use of virgin raw materials, emissions of "unnatural" material, waste, emissions to air, energy consumption and consumption of fresh water. Further, products are tested regularly in the Group's own laboratories in Asia or at independent testing institutes in order to guarantee that suppliers are complying with the company's rules and restrictions. The total of these efforts represent a framework for the Group's global activities to minimize the company's environmental impact.

# Corporate Governance

New Wave Group applies the relevant rules laid down in the Swedish Code of Corporate Governance (“the Code”). The company’s Board has thus drawn up this corporate governance report in accordance with the rules in chapter 11 of the Code. More information about the Code may be found at [www.bolagsstyrningskollegiet.se](http://www.bolagsstyrningskollegiet.se), where there is also a description for foreign investors.



Responsibility for management and supervision of the Group is delegated between the shareholders at the Annual General Meeting, the Board and the MD, which is done in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies, the company’s articles of association, the Board’s internal rules of procedure and other internal control instruments.

## Shareholders

At the end of 2009, the company had 14,689 shareholders. The proportion of share capital owned by institutions amounted to approx. 37% of the capital and 10% of the votes. Foreign investors owned approx. 18% of the share capital and 5% of the votes. The 10 largest owners had a total holding corresponding to 59% of the share capital and 89% of the votes. For further information on the owners as at 31 December 2009, please see pages 32–33.

## Annual general meeting

The highest decision-making body is the Annual General Meeting (AGM), at which all shareholders are entitled to participate. The AGM is entitled to make decisions on all matters that are not in breach of Swedish law. At the AGM the shareholders exercise their voting rights to make decisions on the composition of the Board of Directors, the auditors and other important matters such as adoption of the company’s balance sheet and income statement, appropriation of profits as well as deciding to grant the Board of Directors and the Managing Director discharge from liability. This is in accordance with New Wave Group’s articles of association and Swedish legislation.

## 2009 Annual general meeting

The AGM for the shareholders of New Wave Group was held on 19 May 2009 in Göteborg. Torsten Jansson was elected chairman of the meeting.

The following decisions were taken:

The meeting adopted the income statement and balance sheet as well as the consolidated income statement and balance sheet, decided to allocate the profit as set out in the proposed appropriation of profits, meaning that there would be a dividend of 0.18 krona per share for the 2008 financial year, in addition to discharging the Board members and MD from liability.

The meeting decided in favour of the nomination committee’s proposals:

- that six Board members should be elected by the meeting, and that no deputies would be appointed;
- that fees paid to the Board should be SEK 810,000, of which SEK 275,000 is for the Chairman and SEK 135,000 kronor is for every single one of the other members elected by the AGM who are not employed by the Group;
- to elect Torsten Jansson (re-election), Mats Årjes (re-election), Kinna Bellander, Helle Kruse Nielsen and Göran Härstedt (all new election) as members of the Board;
- to elect Anders Dahlvig as Chairman of the Board;
- to establish principles for the composition of a nomination committee.

The meeting decided in favour of the Board’s proposals:

- on guidelines for remuneration to senior executives;
- on changes to the articles of association;
- to authorise the Board to make a decision on share issues;
- to authorise the Board to raise finance;
- on the issue of option rights for a new subscription of shares targeted at senior executives.

Complete information about the 2009 Annual General Meeting is available on the website, [www.nwg.se](http://www.nwg.se).

## 2010 Annual general meeting

The Annual General Meeting will be held on 18 May 2010 at 1 pm at the Kosta Boda Art Hotel in Kosta, Sweden.

## Nomination committee

The nomination committee represents the company’s shareholders. Its task is to create as sound a basis as possible for decisions at the AGM and to put forward proposals for matters such as the appointment of the Board of Directors and the auditor, and for remuneration to these

parties. The nomination committee consists of one representative for each of the company’s three biggest shareholders, chosen on the basis of personal qualities. If any of these shareholders decline to appoint a member of the nomination committee, the next shareholder in terms of size is given the opportunity to appoint a member. Information regarding the composition of the nomination committee is normally published in the interim report for the third quarter. The work of the nomination committee is preceded by a questionnaire-based evaluation of the Board of Directors’ work and current members. The composition of the nomination committee, before the election of Board members at the 2010 Annual General Meeting, is as follows:

- Torsten Jansson, Managing Director and major shareholder.
- Arne Lööv, representing Fjärde AP-fonden.
- Kenneth Andersen, representing Home Capital.

The nomination committee represents around 84.7% of the votes in New Wave Group as at 31 December 2009. All shareholders are able to contact the nomination committee to propose candidates to the Board. The nomination committee has held a number of meetings and in between these maintained contact by phone and email. Among its many tasks, the nomination committee has evaluated the Board of Directors on the basis of the company’s future development and challenges in order to achieve a good combination of expertise and experience.

## Independence of the board

As the Managing Director and CEO, as well as the major shareholder of New Wave Group, Torsten Jansson is considered to be dependent on the company and the company management. Göran Härstedt is considered to be dependent in relation to the company’s major shareholder. Anders Dahlvig, Mats Årjes, Helle Kruse Nielsen and Kinna Belander are considered to be independent in relation to both the company and the company’s major shareholder. It is thus the opinion of the nomination committee that the current composition of the New Wave Board satisfies the requirements for independence laid down in both the Code and in the rules and regulations of NASDAQ OMX Stockholm for issuers.

## The board and its work

The Board of New Wave Group consists of six members elected by the AGM. The Board’s working procedures are defined in the rules of





procedure, which regulate the delegation of responsibility between the Board and the MD, the MD's authority, the meeting schedule and reporting routine. The Board meetings deal with budgets, interim reports, year-end accounts, state of business, investments and new launches. They also deal with general issues relating to the long-term business strategy as well as structural and organisational issues. The working language of the Board's meetings and documentation is Swedish. As a rule, between seven and ten Board meetings are held each year. During 2009, the Board met on ten occasions, seven of which took place with the current Board. Göran Hårstedt is the Board's secretary.

The Chairman organises and leads the Board's work so that this is carried out in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies, including the Code, and the Board's other internal control instruments. The Chairman follows operations in dialogue with the Managing Director and is responsible for other Board members receiving the information required to complete the Board's tasks.

### Audit committee

There is no specially appointed audit committee as the Board in its entirety handles its control tasks. After the auditors' review in October, the company's auditors draw up an audit memo to the Board containing comments about individual companies and the Group as a whole. The auditors also present a personal report of their observations from the audit, their appraisal of the companies' internal control and the application of accounting policies at one of the autumn Board meetings. The Board receives continuous information about internal control and compliance with rules, control of audited values, estimates, assessments and other matters that might influence the quality of the financial reports. It is the job of the Group's auditor to audit the companies' ability to comply with the overriding rules for internal control within the companies. The auditors also report their observations about internal control.

### Remuneration committee

There is no specially appointed remuneration committee to deal with wages, pension benefits, incentives and other employment-related conditions for the MD; these matters are dealt with by the Board as a whole. The employment conditions of other members of Group management are determined by the MD and the Chairman of the Board.

New Wave Group's compensation policy for senior executives:

- Compensation is based on factors such as job description, expertise, position and performance.
- Compensation is at competitive market rates for the market/job in question.
- Remuneration comprises a fixed salary. Variable remuneration such as bonuses may be paid when this is justified in order to be able to recruit and maintain key staff so as to stimulate improvements in sales and profits, as well as the work involved in achieving specific key figures set by the Board.

- The opportunity to buy options in New Wave Group at a market price on two out of three occasions.
- No special fee for Board work in Group companies for senior executives.
- Pension benefits shall be equivalent to an ITP plan or, for senior executives outside Sweden, pension benefits which are standard in the relevant country.
- A mutual notice period of no more than six months and no severance pay shall apply for all senior executives.

### Conditions of Employment for the CEO

Remuneration to the Group CEO comprises a fixed salary. No Board member's fees or other remuneration (bonuses) are paid to the CEO. Pension benefits are paid in accordance with the ITP plan. A mutual notice period of six months applies for the CEO, i.e. no severance pay.

### Remuneration to the Board

The AGM decides on the fee for the Board members who are elected by the AGM. The division of the fee between the Chairman and other members is set out in note 6 for the Group in the annual report. The Group has purchased consultancy services from a Board member and related parties. No further remuneration has been paid to any Board member.

### Outstanding subscription options

In two years out of three, the Group offers subscription options with a term of around three years. These programmes mean that senior executives are offered the opportunity to acquire subscription options on competitive market terms. Competitive market terms are defined as the market value at the time of acquisition, calculated according to the Black & Scholes valuation method.

New Wave Group has four outstanding subscription option programmes.

A new programme for senior executives was introduced in June 2009. The programme consists of 1,000,000 options, expires in June 2012 and has an exercise price of SEK 26.10. The option subscription premium was SEK 0.21 per option.

Two option programmes were launched in July 2008, one for senior executives and one for the Board. The senior executives programme consists of 1,800,000 options and expires in June 2011. The exercise price is SEK 64.05. The option subscription premium was SEK 1.11 per option. The Board programme consists of 200,000 options and expires in June 2013. The exercise price is SEK 85.40. The option subscription premium was SEK 0.88 per option.

The previous programme was launched in July 2007 and consists of 1,653,250 options and expires in June 2010. The exercise price is SEK 102.50. The option subscription premium was SEK 7 per option. The original number of options was 2,000,000 of which 346,750 have been cancelled. Acquired premiums for all the above programmes have been based on market value.

### Company management

The Group's Board appoints the Managing Director of the parent company, who is also the

CEO. The MD is responsible for the ongoing supervision of the Group, and other members of Group management report directly to him. The Group management consists of: MD, Chief Financial Officer, Chief Buying Officer and North Europe Manager Corporate Promo. The MD is responsible for other business areas. Group management is responsible for formulating the Group's overall strategy, corporate governance, policies, the Group's financing, capital structure and risk management. They also deal with matters relating to company acquisitions and projects involving the Group as a whole.

### Internal Control and Risk Management relating to the Financial Reporting for the 2009 Financial Year

#### General

According to the Swedish Companies Act, the Board is responsible for internal control. The aim of internal control is to create a clear structure of responsibility and an effective decision-making process. The Board has defined a number of basic documents of importance for financial reporting in order to guarantee an effective control environment. The Board's rules of procedure and the instructions for the Managing Director serve to guarantee a clear allocation of roles and responsibilities, with the aim of operational risks being managed effectively. The Board has also drawn up a number of basic guidelines and policies that are important for internal control, such as a financial policy, instructions for accounting and reporting, a code of conduct and a communications policy. The basic control documents are subject to review on an ongoing basis. An effective control environment also requires an adequate organisational structure and ongoing reviews of this. Company management reports to the Board on a regular basis following defined routines. Company management is responsible for the system of internal controls that is required to deal with significant risks in operating activities. Managers at various levels within the Group have clearly defined authority and responsibilities with regard to internal control.

#### Business areas

The Group is divided into three business areas: Corporate Promo, Sports & Leisure and Gifts & Home Furnishings. Within Group management there are people with responsibility for each business area in order to coordinate operations. The products follow the business area but have separate sales teams for the different sales channels for corporate promo and retail.

#### Sales channels

The Group's products are sold via two sales channels: corporate promo and retail.

#### Concept groups

Within each business area there are a number of concept groups that are responsible for strategic direction, product development and marketing strategy for one or more brands.

#### Financial risk assessment

The material risks New Wave Group has identified in connection with the financial reporting are inaccuracies in the reporting and valuation of stocks, intangible assets, accounts receivable, interest-bearing liabilities, tax, currencies and the risk of fraud, loss or embezzlement of assets.

The greatest financial risks in terms of value in the balance sheet are:

- Stock, which accounts for around 37% of the value of the Group's assets.
- Intangible assets (goodwill and trademarks), which account for 27% of the value of the Group's assets.
- Accounts receivable, which account for around 17% of the value of the Group's assets.
- Interest-bearing liabilities, which account for around 41% of the Group's balance sheet total.

### Control environment

The foundations of the internal control in relation to the financial reporting consist of the general control environment with organisation, decision-making paths, authority and responsibilities that have been documented and communicated. Within New Wave Group some of the most important constituent parts of the control environment are documented in the form of policies, e.g. IT policy, financial policy, environmental policy and instructions, such as authorisation instructions and a reporting manual.

### Control activities

In order to ensure the internal control works, there are both automatic controls in e.g. IT-based systems, which handle authority and authorisation rights, and also manual controls in the form of e.g. reconciliations and physical counts. Detailed economic analyses of the result plus follow-up of plans and forecasts supplement the controls and provide a general confirmation of the quality of the reporting.

The Group performs regular reviews of the companies' routines and accounting methods, which are reported to Group management. No MDs are permitted to appoint or dismiss a finance manager, and finance managers report directly to the Group's CFO. The Group's risks with regard to financial reporting lie in the risk that material misstatements may occur when reporting the company's status and financial results. The company's accounting instructions and manuals, together with established follow-up routines, serve to minimise these risks.

### Information and communication

The most important control documents in the form of policies and instructions are updated regularly and communicated via relevant channels electronically and/or in printed form. For communication with external parties, there is an information policy which specifies guidelines for how this communication should take place. The purpose of the policy is to ensure that all information obligations are fulfilled correctly and in full.

### Follow-up

Finance personnel and management at company and Group level analyse the financial reporting in detail every month. The Group's central support staff are responsible for implementing, further developing and maintaining the Group's control routines, and for performing internal controls of business-critical matters. New Wave Group's privatised structure involves a comprehensive controller-based organisation, which is responsible for ensuring that financial reporting from each unit is correct, complete and on time.

New Wave Group has introduced a control system to verify the various processes and to guarantee financial reporting. The controls in respect of the various processes and risk elements are evaluated by means of self-assessment, internal audits, internal Board meetings and via the company's external auditors. Most processes are fully or partly centralised at Group level, such as purchasing, logistics, payments, financing, IT, the consolidation and compilation of Group reports. The Board receives financial reports on an ongoing basis, and at each Board meeting they discuss the financial situation facing the Group and the various companies. During the year the Board has also received reports from the company's auditors detailing their observations.

### The companies

New Wave Group's organisation is decentralised, with a high degree of independence and self-determination being delegated to company management. The objective is for the companies to be run in an entrepreneurial spirit, while at the same time enjoying the benefits of belonging to a large group of companies. The Group therefore consists of a large number of operational companies, about 50 in total, some of which belong to sub-groups. Board meetings are held about three times a year in each company or sub-group. The composition of the Boards depends on the company's direction and its stage of development. In addition to Group management, the expertise of MDs in "mature" companies is utilised on the Boards of local subsidiaries. The organisational model chosen by New Wave Group provides for effective benchmarking of profitability, tied-up capital and growth between companies, brands and markets. New Wave Group has also set up internal targets for the companies.

### Internal auditing

The company has developed control and internal control systems, with business controllers at different levels within the company responsible for following up compliance on a regular basis. The Board's methods of monitoring the company's assessment of the internal control include contact with the company's auditors.

In light of the above, the Board has decided not to have a separate internal auditing department.

### Auditor

The accountancy firm Ernst & Young AB was appointed as auditor at the 2007 Annual General Meeting. In connection with this, Sven-Arne Gårdh and Bjarne Fredriksson were elected to assume responsibility for the audit. Nina Bergman replaced Bjarne Fredriksson in 2009. Sven-Arne Gårdh's other assignments include Wallenstam, Global Health Partner, Global Refund and Hemtex. Nina Bergman's other assignments include Tamro AB, Chalmers tekniska högskola AB, Arctic Paper Group, Västtrafik and Brightpoint AB. Neither Sven-Arne nor Nina own any shares in New Wave Group.

### Audit work

The Group applies International Financial Reporting Standards (IFRS) when preparing the Group's reports. The Group's interim report for the third quarter is the subject of a general review by the company's auditor. This review follows the recommendations issued by FAR SRS,

the organisation for authorised public accountants. The audit of the annual report, consolidated financial statements, the accounting records and the administration of the Board and CEO is conducted in accordance with generally accepted auditing standards in Sweden.

### Articles of association

The articles of association are adopted by the AGM and contain fundamental facts about the company, e.g. what kind of business the company will run, the size of the share capital, the number of shares issued, the size of the Board of Directors and the procedure for convening the AGM. The company's articles of association state, among other things, that the Board of Directors shall consist of at least three and no more than seven members, that the Board has its registered office in Göteborg, and that a class A share shall carry ten votes and a class B share one vote. The complete articles of association are available at the New Wave Group's website: [www.nwg.se](http://www.nwg.se).

### Policy documents

New Wave Group has a number of policies for the Group's operations and its employees. The Group also has a number of recommendations which specify guidelines and supervision for the Group's operations and its employees. Examples of policy content are as follows:

#### Financial policy

The Group's finance function works according to an instruction given by the Board which sets out frameworks for how the Group's operations shall be financed and how, for example, currency risks and interest rate risks shall be dealt with.

#### IT policy

The Group's IT policy describes the Group's principles for application and safety within IT.

#### Communications policy

The Group's communications policy is a document that describes the Group's general principles for providing information.

#### Environmental policy

The Group's environmental policy sets out guidelines for the environmental work within the Group.

### Review

This corporate governance report has not been reviewed by the company's auditors.

# The share

## The New Waves Group's share

The share capital New Wave Group AB totals SEK 199.030.629, divided among a total of 66.343.543 shares, each share with a par value of SEK 3,00. All shares provide equal entitlement to a share of the company's assets and profit. Each class A share provides entitlement to ten votes and each class B share provides entitlement to one vote. New Wave's class B shares have been listed at the Stockholm Stock Exchange since 11 December 1997 and are now listed on the Stock Exchange's Mid Cap list.

## Dividend policy

The Board's aim is that the dividend payment to shareholders shall correspond to 30 % of the Group's profit after taxes over an economic cycle.

## Shareholders

The number of shareholders on 31 December 2009 till 14 689 (12 786). Institutional investors controlled a total of 37% of capital and 10 of votes. **At the same time the ten biggest shareholders** accounted for 59% of capital and 89% of votes. Foreign owners accounted for 18% of capital and 5% of votes.

### New Wave Group's ten major shareholders 2009-12-31

| Shareholder                       | Number of shares  | Number of votes    | Capital %    | Votes %      |
|-----------------------------------|-------------------|--------------------|--------------|--------------|
| Torsten Jansson through companies | 21 470 680        | 207 839 800        | 32.4%        | 82.2%        |
| Fjärde AP-fonden                  | 3 992 863         | 3 992 863          | 6.0%         | 1.6%         |
| Handelsbanken                     | 2 679 668         | 2 679 668          | 4.0%         | 1.1%         |
| UBS                               | 2 342 832         | 2 342 832          | 3.5%         | 0.9%         |
| Home Capital                      | 2 237 137         | 2 237 137          | 3.4%         | 0.9%         |
| Nordea                            | 1 657 241         | 1 657 241          | 2.5%         | 0.7%         |
| Avanza Pension                    | 1 547 410         | 1 547 410          | 2.3%         | 0.6%         |
| Länsförsäkringar Småbolagsfond    | 1 177 834         | 1 177 834          | 1.8%         | 0.5%         |
| Andra AP-fonden                   | 1 003 833         | 1 003 833          | 1.5%         | 0.4%         |
| Nordnet Pensionsförsäkring        | 779 415           | 779 415            | 1.2%         | 0.3%         |
|                                   | <b>38 888 913</b> | <b>225 258 033</b> | <b>58.6%</b> | <b>89.1%</b> |

### Shareholder distribution in New Wave Group 2009-12-31

|   | Number of shares  | Number of votes    | Capital %     | Votes %       |
|---|-------------------|--------------------|---------------|---------------|
| Sweden                                    | 54 601 472        | 240 970 592        | 82,3%         | 95,4%         |
| Shareholders outside Sweden, USA excluded | 10 669 651        | 10 669 651         | 16,1%         | 4,2%          |
| USA                                       | 1 072 420         | 1 072 420          | 1,6%          | 0,4%          |
| <b>Total</b>                              | <b>66 343 543</b> | <b>252 712 663</b> | <b>100,0%</b> | <b>100,0%</b> |

### New Wave Group shareholder structure 2009-12-31

| In due order   | Number of shares | Number of votes   | Capital (%)   | Trade value (TSEK) |
|----------------|------------------|-------------------|---------------|--------------------|
| 1 - 200        | 6 290            | 515 807           | 0,78          | 14 185             |
| 201 - 1 000    | 5 043            | 3 110 748         | 4,69          | 85 546             |
| 1 001 - 2 000  | 1 502            | 2 511 781         | 3,79          | 69 074             |
| 2 001 - 10 000 | 1 538            | 6 969 266         | 10,50         | 191 655            |
| 10001 -        | 316              | 53 235 941        | 80,24         | 894 527            |
|                | <b>14 689</b>    | <b>66 343 543</b> | <b>100,00</b> | <b>1 254 987</b>   |

### New Wave B

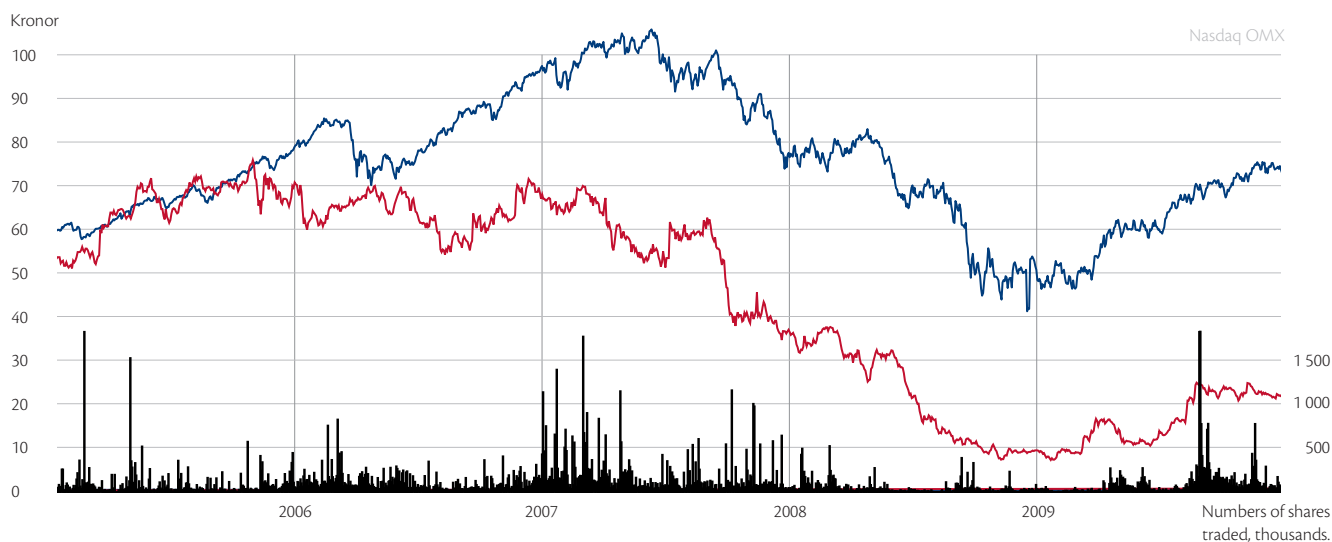
Listed at the OMX Stockholm Stock Exchange's Mid Cap list.



## Share chart

- The New Wave share
- OMX STOCKHOLM\_PI
- Number of shares traded, thousands

## Share development in reference to index and turnover



## Share capital development

| Year | Transaction                          | Increase number of shares | Issue price | Increase share capital | Total number of shares | Total share capital, SEK | Face quota |
|------|--------------------------------------|---------------------------|-------------|------------------------|------------------------|--------------------------|------------|
| 1991 | The company was founded              | 500                       | 100,00      |                        | 500                    | 50 000                   | 100,00     |
| 1995 | Directed new issue 1:20 <sup>1</sup> | 25                        | 35 524,00   | 2 500                  | 525                    | 52 500                   | 100,00     |
| 1996 | Bonus issue 37:1                     | 19 475                    |             | 1 947 500              | 20 000                 | 2 000 000                |            |
| 1997 | Directed new issue 1:17 <sup>2</sup> | 11 448                    | 600,00      | 114 480                | 211 448                | 2 114 480                | 10,00      |
|      | Bonus issue                          | 0                         |             | 2 114 480              | 211 448                | 4 228 960                |            |
|      | Split 10:1                           | 1 903 032                 |             |                        | 2 114 480              | 4 228 960                |            |
|      | Directed new issue <sup>3</sup>      | 681 818                   | 110,00      | 1 363 636              | 2 796 298              | 5 592 596                | 2,00       |
| 1998 | Directed new issue <sup>4</sup>      | 201 106                   | 114,40      | 402 212                | 2 997 404              | 5 994 808                | 2,00       |
| 2000 | Directed new issue <sup>5</sup>      | 552 648                   | 171,45      | 1 105 296              | 3 550 052              | 7 100 104                | 2,00       |
|      | Split 2:1                            | 3 550 052                 |             |                        | 7 100 104              | 7 100 104                |            |
| 2001 | Directed new issue <sup>6</sup>      | 150 000                   | 160,00      | 150 000                | 7 250 104              | 7 250 104                | 1,00       |
| 2002 | Split 2:1                            | 7 250 104                 |             |                        | 14 500 208             | 7 250 104                |            |
| 2004 | Bonus issue                          |                           |             | 166 752 392            | 14 500 208             | 174 002 496              | 12,00      |
|      | Directed new issue <sup>7</sup>      | 1 160 016                 | 130,00      | 13 920 192             | 15 660 224             | 187 922 688              | 12,00      |
|      | Split 2:1                            | 15 660 224                |             |                        | 31 320 448             | 187 922 688              | 6,00       |
|      | Directed new issue <sup>8</sup>      | 226 886                   | 88,15       | 1 361 316              | 31 547 334             | 189 284 004              | 6,00       |
| 2005 | Directed new issue <sup>9</sup>      | 96 822                    | 125         | 12 102 750             | 31 644 156             | 189 864 936              | 6,00       |
|      | Directed new issue <sup>10</sup>     | 614 732                   | 52          | 3 688 392              | 32 258 888             | 193 553 328              | 6,00       |
|      | Split 2:1                            | 32 258 888                |             |                        | 64 517 776             | 193 553 328              | 3,00       |
| 2006 | Directed new issue <sup>11</sup>     | 1 825 767                 | 29,30       | 5 477 301              | 66 343 543             | 199 030 629              | 3,00       |

<sup>1</sup> New issue addressed to the owners of Licensprint in Orsa AB connected to the purchase of the company. The Share premium reserve increased by SEK 886 thousand.

<sup>2</sup> New issue addressed to the Group personnel. Subscription price SEK 600 per share. The Share premium reserve increased by SEK 6 754 thousand.

<sup>3</sup> New issue connected to introduction on Swedish Stock Exchange. Subscription price SEK 110 per share. The Share premium reserve increased by SEK 69 089 thousand.

<sup>4</sup> Non-cash issue connected to the purchase of the Hefa Group. Price of issue SEK 114.40 per share. The Share premium reserve increased by SEK 22 604 thousand.

<sup>5</sup> The non-issue offer of the owners of Textet AB. The Share premium reserve increased by SEK 94 242 thousand.

<sup>6</sup> New issue addressed to the owners of Segerkoncernen AB connected to the purchase of the company. The Share premium reserve increased by SEK 23 850 thousand.

<sup>7</sup> New issue addressed to the owners of New Wave. The Share premium reserve increased by SEK 135 794 410.

<sup>8</sup> New issue addressed to the owners of Jobman AB connected to the purchase of the company. The Share premium reserve increased by SEK 16 638 684.

<sup>9</sup> New issue addressed to the owners of Dahetrakoncernen connected to the purchase of the company. The Share premium reserve increased by SEK 11 521 818.

<sup>10</sup> New issue connected to exercise of option rights. The Share premium reserve increased by SEK 28 221 388.

<sup>11</sup> New issue connected to exercise of option rights. The Share premium reserve increased by SEK 48 017 672.



## Financial information

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# Directors' Report

The Board and CEO of New Wave Group AB (publ), 556350-0916, domiciled in Gothenburg hereby presents the annual report and consolidated financial statements for the financial year January 1, 2009, to December 31, 2009.

## OPERATIONS

New Wave Group is a growth company creating, acquiring and developing promo, sports, gift and interior design trademarks and products. The Group must achieve synergies by coordinating the design, purchasing, marketing, storage and distribution of the range of products. The Group must offer its products to the corporate promo and retail market in order to achieve good risk diversification.

New Wave's competitiveness mainly lies in strong brands, good knowledge, a high level of service and a well-developed holistic concept. The products are mostly manufactured in Asia and to a lesser degree in Europe. Through its relative size, New Wave has good purchasing prices and efficient logistics. The Group's best known fully-owned brands are: Craft, Sagaform, Orrefors, Kosta Boda, Cutter & Buck, Seger, Grizzly, Clique, James Harvest Sportswear, Mac One, Toppoint, Jobman, Projob and Pax, as well as licences for Umbro and Speedo.

## INCOME STATEMENT

Income statements by quarter

| Mkr                                     | 2009           | Q 4          | Q 3          | Q 2          | Q 1          |
|---|----------------|--------------|--------------|--------------|--------------|
| Net sales                               | 4 087.0        | 1 082.4      | 1 002.2      | 1 022.9      | 979.5        |
| Goods for resale                        | -2 185.3       | -582.4       | -555.5       | -519.3       | -528.1       |
| <b>Gross profit</b>                     | <b>1 901.7</b> | <b>500.0</b> | <b>446.7</b> | <b>503.6</b> | <b>451.4</b> |
| <b>Gross profit in %</b>                | <b>46.5%</b>   | <b>46.2%</b> | <b>44.6%</b> | <b>49.2%</b> | <b>46.1%</b> |
| Other operating income                  | 68.9           | 21.9         | 2.1          | 22.0         | 22.9         |
| External costs                          | -949.1         | -234.8       | -226.5       | -220.1       | -267.7       |
| Personnel costs                         | -751.5         | -170.9       | -166.6       | -182.8       | -231.2       |
| Depreciation                            | -70.6          | -16.0        | -17.1        | -19.0        | -18.5        |
| Other costs                             | -27.6          | -2.4         | -1.8         | -8.7         | -14.7        |
| Share of associated companies' profit   | 0.6            | -1.2         | 0.9          | 0.4          | 0.5          |
| <b>Operating profit</b>                 | <b>172.4</b>   | <b>96.6</b>  | <b>37.7</b>  | <b>95.4</b>  | <b>-57.3</b> |
| Financial income                        | 6.2            | 1.2          | 0.0          | 0.7          | 4.3          |
| Financial costs                         | -52.4          | -7.7         | -11.4        | -13.5        | -19.8        |
| <b>Profit after net financial items</b> | <b>126.2</b>   | <b>90.1</b>  | <b>26.3</b>  | <b>82.6</b>  | <b>-72.8</b> |
| Tax                                     | -38.4          | -28.8        | -7.0         | -22.1        | 19.5         |
| <b>Profit for the period</b>            | <b>87.8</b>    | <b>61.3</b>  | <b>19.3</b>  | <b>60.5</b>  | <b>-53.3</b> |

## 2009 SUMMARY

The general financial situation has seriously affected the Group's sales during the year, with the main negative effect appearing in the corporate promo sales channel. The downward trend from the end of the previous year continued into the third quarter. Thereafter we have slowly detected a slight recovery, but still from low levels. Corporate promo sales have been negatively affected in almost all countries. Retail sales have fared better and the sales channel has experienced a lower drop in sales. The weak American market has mostly affected retail, while sales in the Nordic countries and Europe have fared better. Out of the Group's brands, Craft has seen a strong sales trend during the year. Sagaform and Projob have also braved the recession well during the year.

As the market declined during the fourth quarter of last year, savings plans were drawn up for the Group's subsidiaries. Major restructuring was carried out in Orrefors Kosta Boda, which affected the profits for the first quarter by SEK 70.1 million. In addition to general cost-saving measures, Cutter & Buck have also restructured their division for direct sales to customers, incurring a cost of SEK 7.1 million as a result of this action. The other companies have also implemented cost-saving measures, and in total the Group has cut its number of employees by 359, of which 258 worked in production. Excluding currency and restructuring costs, the Group has reduced its costs by about SEK 300 million during the year. The planned measures have now been completed and the positive effects of these cost-saving measures were mainly seen during the last half of the year. An explicit goal and priority during the year has been to reduce debt by cutting stock levels and the capital tied up here, thereby also improving cash flow. The Group's subsidiaries have taken steps to implement these objectives during the year.

The measures were taken early on, but did not have an effect until the end of the calendar year. This is mainly due to the current situation with comparatively long lead times that the Group has for the purchase of goods. This work has been successful and the Group has reduced net debt by SEK 836 million over the calendar year and by SEK 1,049 million over a 15-month period. The debt/equity ratio has gone down to 96.3% (140.5).

The improved cash flow and reduction in net debt have improved the equity ratio by 6.9 percentage points to 41.0% (34.1).

The opening ceremony for the Kosta Boda Art Hotel was held on 27 June in front of 240 guests. The hotel has 102 rooms, a restaurant, a conference centre and a spa & fitness area. Kosta Boda designers have each decorated a part of the hotel as well as the hotel's seven wings.

In December, New Wave Group sold its shares (corresponding to 51% of capital and votes) in the Russian subsidiary CJSC New Wave Group to the minority owners of the company. In connection with the transfer, a resale agreement was signed with the company, which gives them sole right to sell promo clothes under the New Wave, Clique and Texas Bull brands in Russia until the end of 2014, provided that certain minimum purchase volumes are maintained.

## Income

Sales turnover for the period amounted to SEK 4,078 million (SEK 4,604 million) which was 11% lower than the previous year. Exchange rates had a positive effect of SEK 270 million on sales.

Sales fell in all business areas, Corporate Promo by 15%, Sports & Leisure by 8% and Gifts & Home Furnishings by 5%. The Corporate Promo market has been weak in almost every country. Sport & Leisure has experienced a fragmented development with Craft doing well and gaining market shares, while other brands have experienced a fall in sales, which is mainly attributable to the current financial situation. The decrease in Gifts & Home Furnishings is mainly due to lower Orrefors Kosta Boda export sales. Sagaform had a somewhat better development than the business area as a whole as their new collection was well received by the retail sector.

Sales turnover fell by 13% in the Nordic countries, mainly in Sweden and Finland. Sales were somewhat better in central Europe with a drop of just 7%, with Germany and the UK generally experiencing a better development than the region as a whole. Sales in southern Europe decreased by 11%, which is mainly related to a weak Corporate Promo market in all countries. Sales fell by 14% in North America, which is attributable to a weak American market. The weakened Swedish krona has led to a positive currency effect mainly in countries using the euro and the US.

## Gross profit

The margin amounted to 46.5% (48.5). The decrease is related to the weaker economy, mainly within the Corporate Promo sales channel and in particular the American market. Gross profit was also affected by the restructuring costs at Orrefors Kosta Boda, which affected the profit during the first quarter by SEK 25 million. The remaining SEK 45.1 million of restructuring costs affected personnel costs.

## Other income and other costs

Other income increased by SEK 12.4 million to SEK 68.9 million (SEK 56.5 million). The increase is attributable to sales of glass collections, archives and properties at Orrefors Kosta Boda, which gave a total capital gain of SEK 33.6 million. The Group also received insurance compensation of SEK 6.0 million in connection with last year's fire. The remaining other income is mainly attributable to the operation's currency gains and should be set against the "Other costs" results line, which mainly reports the operational currency losses. Other costs increased by SEK 7.2 million to SEK -27.6 million (SEK -20.4 million). The result of these two items amounts to a net profit of SEK 1.7 million.

## Costs and depreciation

The Group has implemented some cost-saving measures in its subsidiaries during the year, action which reduced external costs by SEK 156.5 million and amounted to SEK -949.1 million (SEK -1,105.6 million). Restructuring costs of SEK 7.1 million affected external costs in connection with changes in the Cutter & Buck division for direct sales to end customers.

The Group has cut its number of employees by 359, of which a large majority worked in production at Orrefors Kosta Boda. The effect of the Orrefors Kosta

Boda reorganisation resulted in the number of employees being reduced by 154. This meant that the company made a provision for restructuring in the form of a one-off cost of SEK 70.1 million in the financial statement for the first quarter of 2009. Of this amount, SEK 45.1 million is reported as personnel costs and SEK 25 million as gross profit as they are attributable to a poorer production result. Personnel costs have increased by SEK 20.5 million to SEK -751.5 million (SEK -731.0 million), of which SEK 45.1 million is related to the restructuring mentioned above. Reducing the number of employees has mainly had a positive effect on profit in the second half of the year because of the varying lengths of notice periods. Exchange rates have negatively affected costs by SEK 115 million. Excluding restructuring costs and currency fluctuations, costs have been reduced by approx. SEK 300 million during the year.

Depreciation amounted to SEK -70.6 million (SEK -64.2 million).

The operating margin was 4.2% (8.0). The decrease is due to a lower volume and the restructuring costs.

#### Net financial items and taxes

Net financial items amounted to SEK -46.2 million (SEK -136.0 million). The improvement is due to lower interest rates and a reduction in the net debt of SEK 836 million during the year. It is the Group's policy to have short fixed-interest agreements resulting in quick effects on the Group's net interest as the short-term interest rate changes.

The tax rate was 30.4% (36.5).

#### Profit

Profit after tax fell by SEK 60.1 million to SEK 87.8 million (SEK 147.9 million) and the earnings per share amounted to SEK 1.29 (2.18).

During the first quarter profit was affected by restructuring costs totalling SEK 77.2 million before tax. At an average tax rate of 26.9% for the companies concerned, the net impact of the restructuring costs is SEK -56.4 million.

#### REPORTING OF BUSINESS AREAS

New Wave Group AB divides its operations into three business areas: Corporate Promo, Sports & Leisure and Gifts & Home Furnishings. Each brand is assigned to the business area to which it is considered to belong (see page 2 for the breakdown of brands per business area). The Group monitors the business area and brand sales as well as the profit (EBITDA). The business segments are based on the Group's operational management.

#### Corporate Promo

Sales turnover fell by 15% to SEK 1,876 million (SEK 2,216 million) and profit (EBITDA) went down by SEK 148.5 million to SEK 168.5 million (SEK 316.9 million). Sales and profit were lower in the Nordic countries, and Sweden and Finland in particular. There was also a drop in profits for Europe, but a positive currency effect compensated for this. The downturn is due to the general financial situation.

#### Sports & Leisure

Sales turnover fell by 8% and amounted to SEK 1,574 million (SEK 1,714 million). Profits (EBITDA) fell by SEK 38.2 million to SEK 122.1 million (SEK 160.3 million). Sales and turnover for Craft have continued to be positive. Cutter & Buck was negatively affected by the weak American market. Cutter & Buck USA was also affected by restructuring costs of SEK 7.1 million due to changes in the division for direct sales to end customers. The deterioration in profits is mainly related to lower sales volumes.

#### Gifts and Home Furnishings

Sales turnover fell by 5% to SEK 637 million (SEK 674 million) and profit (EBITDA) fell by SEK 3.4 million to SEK -47.6 million (SEK -44.2 million). The drop in sales is mainly related to the Orrefors Kosta Boda export market and the deterioration in profit due to the company's restructuring costs of SEK 70.1 million that were reported during the first quarter. Orrefors Kosta Boda has sold glass collections, archives and property during the year, with capital gains of SEK 33.6 million. Saga-form sales are at the same level as last year, while profit is somewhat better.

#### GEOGRAPHICAL BREAKDOWN

|                  | Share of     |             | Changes      |             |                  |
|------------------|--------------|-------------|--------------|-------------|------------------|
|                  | 2009         | sales       | 2008         | MSEK %      |                  |
| Nordic Countries | 1 815        | 44%         | 2 075        | 45%         | -260 -13%        |
| Mid-Europe       | 804          | 20%         | 860          | 19%         | -56 -7%          |
| Southern Europe  | 501          | 12%         | 560          | 12%         | -59 -11%         |
| North America    | 797          | 20%         | 929          | 20%         | -132 -14%        |
| Other countries  | 170          | 4%          | 180          | 4%          | -10 -6%          |
| <b>Total</b>     | <b>4 087</b> | <b>100%</b> | <b>4 604</b> | <b>100%</b> | <b>-517 -11%</b> |

Sales in the Nordic region fell by 13%, which is mainly attributable to Sweden and Finland. The central European corporate promo market has been weak during the year and most of the countries in the region have been negatively affected. The exception was the UK where sales increased. Sales in southern Europe fell by 11%. This drop is mainly related to a weak corporate promo market in all countries. North America sales fell by 14%. The exchange rate development had a positive effect and sales in local currency in the region were down by 26%. Sales in other markets were somewhat lower than last year.

#### TIED-UP CAPITAL

During the year the Group has prioritised reducing its working capital. This work has mainly focused on the stock situation, but also on improving other operating credits. The goal was to reach a stock level of approx. SEK 1,750 million, which was achieved by a good margin. The measures taken at the beginning of the year have produced good results and capital tied up in goods has dropped dramatically during the period. The total stock level amounted to SEK 1,624 million (SEK 2,200 million), a reduction in tied-up capital of SEK 576 million.

Efforts to reduce capital tied up in stock have also led to many discontinued items being sold, which means that the amount of obsolescence has decreased. Obsolescence as of December 31, 2009 amounted to SEK 76 million (SEK 109 million) and is approx. 5% (5) of the recorded stock value.

The stock turnover rate amounted to 1.1 (1.2). The decline is due to the fact that the efforts did not have any impact until the end of the year. The stock turnover rate for the last quarter shows a clear improvement.

Overall, efforts to reduce capital tied up in stock gave a very good result and the work will continue into next year. Efforts will still be concentrated on logistics and the product range.

Accounts receivable decreased by SEK 101 million to SEK 735 million (SEK 836 million), which is mainly related to the lower sales volumes.

#### INVESTMENTS, FINANCING AND LIQUIDITY

Consolidated cash flow from operations improved by SEK 1,074 million and amounted to SEK 806 million (SEK -268 million). The improvement is mainly related to efforts to reduce stock levels. The Group's net investments affecting cash flow amounted to SEK -23 million (SEK -65 million), which includes SEK 41 million from the sale of tangible fixed assets.

Net debt fell by SEK 863 million and amounted to SEK 1,741 million. Currency changes have reduced the debt by SEK 70 million since December 31, 2008. An increase of SEK 219 million was experienced for the corresponding period last year. Net debt relative to equity was reduced and amounted to 96.3% (140.5).

The equity ratio improved by 6.9 percentage points and amounted to 41.0% (34.1), which is a result of reduced net debt.

The Group had SEK 2,875 million in credit lines as at December 31, 2009 and the credit agreement runs to the end of April 2011. The interest rate is based on the base rate of the currency in question and a fixed margin. It is the Group's policy to have short fixed-interest agreements resulting in quick effects on the Group's net interest as the short-term interest rate changes.

New Wave Group's financing agreements include a commitment (covenant) for the equity ratio and the total credit limit of SEK 2,875 million as at December 31, 2009 to be gradually depreciated down to SEK 2,475 million by 31 April 2011. As at December 31, 2009, consolidated net debt amounted to SEK 1,741 million, with an equity ratio of 41.0%.

## PERSONNEL, ORGANISATION AND ALLOWANCES

In connection with the cost-saving measures taken by the Group, the number of employees was cut by 359 and on December 31, 2009 there were 2,203 (2,562) employees, of which 48% were women and 52% were men. Of the total number of employees, 553 (811) work in production. Production within New Wave Group is attributable to Orrefors Kosta Boda, Seger, Dahetra, Toppoint and Cutter & Buck (embroidery).

There is no specially appointed remuneration committee to deal with wages, pension benefits, incentives and other employment-related conditions for the CEO; these matters are dealt with by the Board as a whole. The employment conditions of other members of Group management are determined by the CEO and the Chairman of the Board.

### New Wave's compensation policy for senior executives

The policy for remuneration for senior executives is based on the following:

- Compensation is based on factors such as job description, expertise, position and performance.
- Compensation is at competitive market rates for the market/job in question.
- Remuneration comprises a fixed salary. Variable remuneration such as bonuses may be paid when this is justified in order to be able to recruit and maintain key staff so as to stimulate improvements in sales and profits as well as the work involved in achieving specific key figures set by the Board.
- The opportunity to buy options in New Wave Group at a market price on two out of three occasions.

There shall be no special fee for Board work in Group companies for senior executives.

Pension benefits shall be equivalent to an ITP plan or, for senior executives outside Sweden, pension benefits which are standard in the relevant country.

A mutual notice period of no more than six months and no severance pay shall apply for all senior executives.

Remuneration to the Group CEO comprises a fixed salary, no Board member's fee or other remuneration (bonus). Pension benefits are paid in accordance with the ITP plan, a mutual notice period of six months applies, i.e. no severance pay.

## RELATED-PARTY TRANSACTIONS

There are lease agreements with related companies. The parent company has purchased consultancy services from a member of the Board. The CEO has rented premises for private use during the year. All transactions have occurred in accordance with market conditions. The Group has purchased consultancy services from a member of the Board and related parties.

## SHARE OPTIONS IN NEW WAVE GROUP AB

New Wave Group has four outstanding share option programmes.

A new programme for senior executives was introduced in June 2009. The programme consists of 1,000,000 options, expires in June 2012 and has an exercise price of SEK 26.10. The option subscription premium was SEK 0.21 per option.

Two option programmes were launched in July 2008, one for senior executives and one for the Board. The senior executives programme consists of 1,800,000 options and expires in June 2011. The exercise price is SEK 64.05. The option subscription premium was SEK 1.11 per option. The Board programme consists of 200,000 options and expires in June 2013. The exercise price is SEK 85.40. The option subscription premium was SEK 0.88 per option.

The previous programme was launched in July 2007 and consists of 1,653,250 options and expires in June 2010. The exercise price is SEK 102.50. The option subscription premium was SEK 7 per option. The original number of options was 2,000,000 of which 346,750 have been cancelled.

Acquired premiums for all the above programmes have been based on market value.

## RISKS AND RISK CONTROL

New Wave's international operations mean that it is continuously exposed to different financial risks. These risks are currency, borrowings and interest rate risks, as well as liquidity and credit risks. In order to minimise the affect these risks may have on its results, the Group has drawn up a financial policy.

The operational risks comprise factors that cannot be directly influenced, e.g. the economic situation, but also fashion and currency fluctuations.

- The Corporate Promo sales channel requires continuity in the collections, which limits the risk of obsolescence. The currency risk is limited by an option to continuously adjust the price lists. Sales are made to selected retailers, which limits bad debts.
- The degree of fashionability is higher in the Retail sales channel. Since sales mainly take place through pre-orders, the risk of obsolescence is limited. The currency risk is limited by hedging 50–80% of all purchasing costs.

It is the Group's policy to have short fixed-interest agreements resulting in quick effects on the Group's net interest as the short-term interest rate changes. The Group's credit agreement runs until the end of April 2011 (see the section on Investments, financing and liquidity).

For a more detailed description of the Group's exposure to risk and its risk management, please refer to Note 15.

## THE PARENT COMPANY

Sales turnover amounted to SEK 139 million (SEK 133 million). Profit after financial items amounted to SEK 209.0 million (SEK 274.6 million). Net borrowing amounted to SEK 1,687 million (SEK 2,536 million), of which SEK 1,407 million (SEK 2,054 million) refers to financing of subsidiaries. Net investments amounted to SEK 329 million (SEK –124 million). The balance sheet total amounted to SEK 3,505 million (SEK 4,213 million) and equity to SEK 1,230 million (SEK 1,070 million). There were 41 (42) employees at the parent company.

## NEW WAVE SHARES

The number of shares in New Wave Group AB amounts to 66,343,543 shares with a nominal value of SEK 3.00. The shares carry identical rights to the Company's assets and profits. Each class A share is entitled to ten votes and each class B share is entitled to one vote. Class A shareholders have a right of first refusal according to paragraph 14 of the Articles of Association.

New Wave Group has four outstanding programmes for share options, of which one is considered to be "in the money" as at December 31, 2009. This gives a dilution of 1,000,000 shares.

The election of Board Members takes place at the Annual General Meeting (AGM).

Torsten Jansson owns 32.4% of the equity and 82.2% of the votes through companies.

The following authority has been given to the Board until the next AGM:

- to, on one or more occasions, with or without deviation from the shareholders' preferential right, take decisions on new issues of up to 4,000,000 class B shares. It should be possible to increase the share capital by a maximum total of SEK 12 million by means of this decision thanks to the support of the authority given. The authority shall also include the right to decide on new issues with dominance in kind, or whether shares shall be subscribed for with the right of offset, or only under the conditions set out in Chapter 13, Section 5, no 6 of the Swedish Companies Act. The reason for deviating from the shareholders' preferential right is that the new issue of shares will be used for company acquisitions and financing continued expansion. The issue price will be based on the share's market value.
- to, on one or more occasions, decide to raise financing such that is covered by the provisions in Chapter 11, Section 11 of the Swedish Companies Act. This type of financing will be carried out under market conditions. The background to the authority is that the company must have the opportunity to raise this type of financing under conditions which are attractive for the company, where, for example, the interest rate could depend on the company's profit or financial position.

## OTHER

A report on the work of the Group management and Board can be seen in the section on Corporate Governance.



# Proposed appropriation of profits

The Annual General Meeting has the following at its disposal

## SEK, thousand

|                       |                |
|-----------------------|----------------|
| Retained profits      | 510,617        |
| Share premium reserve | 48,018         |
| Profit for the year   | 198,531        |
| <b>Total:</b>         | <b>757,166</b> |

The Board proposes that SEK 740,580,000 be carried over and a dividend of SEK 0.25 (0.18) be awarded per share, corresponding to SEK 16,586,000. The Board's aim is for the dividends to the shareholders to be equivalent to 30% of the Group's profits over an economic cycle.

## The statement from the Board in relation to the proposed appropriation of profits

### Motivation

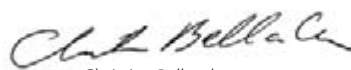
The Group's equity has been calculated in accordance with the IFRS standards and interpretations (IFRIC) adopted by the EU and in accordance with Swedish law through the application of the Swedish Financial Reporting Board's Recommendation 1:2 – Supplementary Accounting Rules for Groups. The parent company's equity has been calculated in accordance with Swedish law and with the application of the Swedish Financial Reporting Board's Recommendation 2.2 – Accounting for Legal Entities.

The proposed appropriation of profits amounts to 19% of the profit for the Group after tax, which is in line with the expressed aim of awarding dividends equivalent to 30% of the profit for the Group after tax over an economic cycle. Consideration has also been given to investment plans, the need to strengthen the balance sheet, liquidity and the general position of the Group.

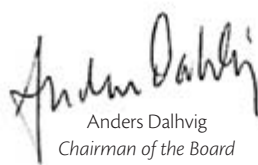
The Board finds that the company's restricted equity is fully covered after the proposed appropriation of profits.

The Board also finds that the proposed dividend to shareholders is justifiable in respect of the parameters given in the second and third paragraphs of Chapter 17, Section 3 of the Swedish Companies Act (the operations' nature, scope and risks as well as the need to strengthen the balance sheet, liquidity and general position).

Gothenburg, April 21, 2010



Christina Bellander



Anders Dalhvi  
Chairman of the Board



Helle Kruse Nielsen



Mats Årjes



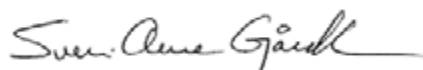
Torsten Jansson  
MD and CEO



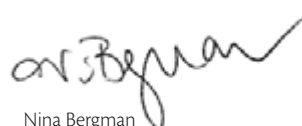
Göran Härstedt

Our auditor's report has been given on 21 April 2010

Ernst & Young



Sven-Arne Gårdh  
Authorised Public Accountant



Nina Bergman  
Authorised Public Accountant

# Consolidated income statement

January 1 – December 31

| SEK million  | Note      | 2009           | 2008           |
|--|-----------|----------------|----------------|
| Net sales  | 3         | 4 087.0        | 4 604.2        |
| Goods for resale   |           | -2 185.3       | -2 371.8       |
| <b>Gross profit</b>                                      |           | <b>1 901.7</b> | <b>2 232.4</b> |
| Other operating income                                   | 4         | 68.9           | 56.5           |
| External costs   | 6         | -949.1         | -1 105.6       |
| Personnel costs  | 6         | -751.5         | -731.0         |
| Depreciation of tangible and intangible fixed assets     | 1. 9. 10  | -70.6          | -64.2          |
| Other costs  |           | -27.6          | -20.4          |
| Share in profits of associated companies                 |           | 0.6            | 1.1            |
| <b>Operating profit</b>                                  |           | <b>172.4</b>   | <b>368.8</b>   |
| Financial income   |           | 6.2            | 12.4           |
| Financial costs  |           | -52.4          | -148.4         |
| <b>Net financial items</b>                               | <b>22</b> | <b>-46.2</b>   | <b>-136.0</b>  |
| <b>Profit before tax</b>                                 |           | <b>126.2</b>   | <b>232.8</b>   |
| Tax on net profit for the year                           | 8         | -38.4          | -84.9          |
| <b>Profit for the year</b>                               |           | <b>87.8</b>    | <b>147.9</b>   |
| <b>"Other comprehensive income"</b>                      |           |                |                |
| Translation differences                                  |           | -90.0          | 285.9          |
| Cash flow hedging  |           | -13.6          | 14.0           |
| Income tax related to "Other comprehensive income" items |           | 3.6            | -3.9           |
| Net "Other comprehensive income" for the year after tax  |           | -100.0         | 296.0          |
| <b>Total result for the year</b>                         |           | <b>-12.2</b>   | <b>443.9</b>   |
| <b>"Total result" attributable to:</b>                   |           |                |                |
| Parent company shareholders                              |           | -12.6          | 435.8          |
| Minority interest  |           | 0.4            | 8.1            |
|  |           | <b>-12.2</b>   | <b>443.9</b>   |
| <b>Earnings per share</b>                                |           |                |                |
| Before dilution (SEK)                                    |           | 1.29           | 2.18           |
| After dilution (SEK)                                     | 6         | 1.27           | 2.18           |
| The average number of outstanding shares before dilution |           | 66 343 543     | 66 343 543     |
| The average number of outstanding shares after dilution  | 6         | 67 343 543     | 66 343 543     |

# Cash flow analysis

January 1 – December 31

| SEK million  | Note | 2009          | 2008          |
|--|------|---------------|---------------|
| <b>Operating activities</b>  |      |               |               |
| Operating profit before financial items                                    |      | 172.4         | 368.8         |
| Adjustment for items not included in cash flow                             |      | 52.3          | 29.2          |
| Interest received  |      | 6.2           | 12.4          |
| Interest paid  |      | -52.4         | -148.4        |
| Income tax paid  |      | -39.6         | -98.9         |
| <b>Cash flow from current operations before changes in working capital</b> |      | <b>138.9</b>  | <b>163.1</b>  |
| <b>Cash flow from changes in working capital</b>                           |      |               |               |
| Decrease/increase in stock   |      | 526.1         | -194.2        |
| Decrease in current receivables  |      | 119.2         | 153.0         |
| Increase/decrease in short-term liabilities                                |      | 22.1          | -389.9        |
| <b>Cash flow from operations</b>   |      | <b>806.3</b>  | <b>-268.0</b> |
| <b>Investing activities</b>  |      |               |               |
| Acquisition of tangible fixed assets                                       |      | -61.9         | -61.3         |
| Disposal of tangible fixed assets  |      | 40.7          | 8.5           |
| Acquisition of intangible fixed assets                                     |      | 0.0           | -0.1          |
| Acquisition of subsidiary companies  |      | 0.0           | -0.6          |
| Change in financial assets   |      | -1.8          | -11.7         |
| <b>Cash flow from investing activities</b>                                 |      | <b>-23.0</b>  | <b>-65.2</b>  |
| <b>Cash flow after investing activities</b>                                |      | <b>783.3</b>  | <b>-333.2</b> |
| <b>Financing activities</b>  |      |               |               |
| Option premiums  |      | 0.2           | 2.1           |
| Loans raised   |      | 0.0           | 441.0         |
| Repayment of receivables   |      | 2.5           | 0.4           |
| Amortized loans  |      | -875.6        | 0.0           |
| Dividend paid to the parent company's shareholders                         |      | -11.9         | -66.3         |
| <b>Cash flow from financing activities</b>                                 |      | <b>-884.8</b> | <b>377.2</b>  |
| <b>Cash flow for the year</b>  |      | <b>-101.5</b> | <b>44.0</b>   |
| Liquid assets at beginning of year   |      | 191.2         | 115.5         |
| Currency difference in liquid assets                                       |      | -9.3          | 31.7          |
| <b>Liquid assets at year-end</b>   |      | <b>80.4</b>   | <b>191.2</b>  |
| <b>Liquid assets</b>   |      |               |               |
| Cash at bank and in hand   |      | 80.4          | 191.2         |

The above items have been classified as liquid assets on the basis that:

- they comprise cash
- they have an insignificant risk of exchange rate fluctuations.

## Comments on the cash flow analysis

The cash flow from operating activities improved by SEK 1,074.3 million (SEK -351.0 million). Liquidity-influencing investments were reduced by SEK -42.2 million (SEK 1,100.5 million) as no start-ups or acquisitions of new companies of any significant value took place in 2009. In total, cash flow after investments was improved to SEK 783.3 million (SEK -333.2 million).



# Consolidated balance sheet

As at December 31

| SEK million   | Note       | 2009           | 2008           |
|---|------------|----------------|----------------|
| <b>ASSETS</b>   |            |                |                |
| Intangible fixed assets   | 9          | 1 205.4        | 1 275.7        |
| Tangible fixed assets   | 10         | 379.6          | 415.3          |
| Shares in associated companies                                  | 11         | 50.9           | 49.4           |
| Long-term receivables   | 11         | 14.3           | 16.8           |
| Deferred tax receivables  | 11         | 109.2          | 124.4          |
| <b>Total fixed assets</b>                                       |            | <b>1 759.4</b> | <b>1 881.6</b> |
| Stock   | 21         | 1 624.8        | 2 200.3        |
| Tax receivables   |            | 65.3           | 81.0           |
| Accounts receivable   | 15         | 735.3          | 835.8          |
| Prepaid expenses and accrued income                             | 12         | 73.4           | 88.1           |
| Other receivables   | 7          | 63.7           | 92.7           |
| Liquid assets   |            | 80.4           | 191.2          |
| <b>Total current assets</b>                                     |            | <b>2 642.9</b> | <b>3 489.1</b> |
| <b>TOTAL ASSETS</b>   | <b>20</b>  | <b>4 402.3</b> | <b>5 370.7</b> |
| <b>EQUITY</b>   |            |                |                |
| Share capital   |            | 199.1          | 199.1          |
| Other capital contributions                                     |            | 217.1          | 217.1          |
| Reserves  |            | -86.7          | -86.7          |
| Retained earnings including net profit for the year             |            | 1 444.1        | 1 468.4        |
| <b>Equity attributable to the parent company's shareholders</b> |            | <b>1 773.6</b> | <b>1 797.9</b> |
| Minority interest   |            | 33.5           | 35.9           |
| <b>Total equity</b>   |            | <b>1 807.1</b> | <b>1 833.8</b> |
| <b>LIABILITIES</b>  |            |                |                |
| Long-term interest-bearing liabilities                          | 13. 16. 18 | 1 796.2        | 2 716.5        |
| Pension provisions  |            | 8.2            | 8.9            |
| Other provisions  |            | 16.8           | 12.7           |
| Deferred tax liabilities  | 11         | 170.6          | 181.4          |
| <b>Total long-term liabilities</b>                              |            | <b>1 991.8</b> | <b>2 919.5</b> |
| Short-term interest-bearing liabilities                         | 13. 16. 18 | 25.0           | 51.0           |
| Accounts payable  |            | 261.8          | 247.5          |
| Current tax liabilities   |            | 35.9           | 55.3           |
| Accrued expenses and prepaid income                             | 14         | 196.5          | 192.3          |
| Other liabilities   |            | 84.2           | 71.3           |
| <b>Total short-term liabilities</b>                             |            | <b>603.4</b>   | <b>617.4</b>   |
| <b>Total liabilities</b>  |            | <b>2 595.2</b> | <b>3 536.9</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             | <b>20</b>  | <b>4 402.3</b> | <b>5 370.7</b> |
| <b>Memorandum items</b>   |            |                |                |
| Assets pledged  | 18         | 3 314.9        | 3 851.8        |
| Contingent liabilities  | 19*        | *              | *              |

## Changes in the Group's equity

| SEK million  | Share capital | Other capital contributions | Reserves     | Retained earnings including net profit for the year | Total          | Minority interest | Total equity   |
|--|---------------|-----------------------------|--------------|---|----------------|-------------------|----------------|
| <b>Opening equity 01/01/2008</b>                                   | <b>199.1</b>  | <b>217.1</b>                | <b>-86.7</b> | <b>1 096.8</b>                                      | <b>1 426.3</b> | <b>11.9</b>       | <b>1 438.2</b> |
| Total result for the year  |               |                             |              | 435.8   | 435.8          | 8.1               | 443.9          |
| Dividends  |               |                             |              | -66.3   | -66.3          |                   | -66.3          |
| Option premiums paid by employees                                  |               |                             |              | 2.1   | 2.1            |                   | 2.1            |
| Equity change in minority  |               |                             |              |   | 0.0            | 15.9              | 15.9           |
| <b>Equity at year-end 31/12/2008</b>                               | <b>199.1</b>  | <b>217.1</b>                | <b>-86.7</b> | <b>1 468.4</b>                                      | <b>1 797.9</b> | <b>35.9</b>       | <b>1 833.8</b> |
| SEK million  | Share capital | Other capital contributions | Reserves     | Retained earnings including net profit for the year | Total          | Minority interest | Total equity   |
| <b>Opening equity 01/01/2009</b>                                   | <b>199.1</b>  | <b>217.1</b>                | <b>-86.7</b> | <b>1 468.4</b>                                      | <b>1 797.9</b> | <b>35.9</b>       | <b>1 833.8</b> |
| Total result for the year  |               |                             |              | -12.6   | -12.6          | 0.4               | -12.2          |
| Dividends  |               |                             |              | -11.9   | -11.9          |                   | -11.9          |
| Option premiums paid by employees                                  |               |                             |              | 0.2   | 0.2            |                   | 0.2            |
| Change in minority capital share                                   |               |                             |              |   | 0.0            | -2.8              | -2.8           |
| <b>Equity at year-end 31/12/2009</b>                               | <b>199.1</b>  | <b>217.1</b>                | <b>-86.7</b> | <b>1 444.1</b>                                      | <b>1 773.6</b> | <b>33.5</b>       | <b>1 807.1</b> |
| <b>Accumulated translation differences in equity</b>               |               |                             |              | <b>2009</b>   | <b>2008</b>    | <b>2007</b>       | <b>2006</b>    |
| Accumulated exchange rate changes at beginning of year             |               |                             |              | 205.7   | -80.2          | -32.6             | 21.1           |
| Difference in exchange rates for foreign subsidiaries for the year |               |                             |              | -90.0   | 285.9          | -47.6             | -53.7          |
| <b>Accumulated translation differences at year-end</b>             |               |                             |              | <b>115.7</b>  | <b>205.7</b>   | <b>-80.2</b>      | <b>-32.6</b>   |

### Classification of equity

#### Share capital

Share capital includes the registered share capital for the parent company. Share capital consists of 21,297,680 class A shares (quoted value SEK 3) and 45,045,863 class B shares (quoted value SEK 3).

#### Other capital contributions

Other capital contributions include the total transactions that New Wave Group has had with the shareholders. Transactions that have taken place are premium share issues. The amount that is included in other capital contributions is therefore fully equivalent to capital received in addition to the nominal amount from the share issue.

#### Reserves

Reserves consist exclusively of translation differences in accordance with IAS 21.

#### Retained earnings including net profit for the year

Retained earnings are equivalent to the accumulated profit and loss generated by the Group in total, after the deduction of paid dividends.

#### Capital management

Group equity amounted to SEK 1,807.1 million (SEK 1,833.8 million) at the end of the year. New Wave Group's financial strategy is to create safe financial conditions for the Group's operations and development. The return on equity is highly significant. At the end of 2009, the return on equity amounted to 4.9% (9.2) with an equity ratio of 41.0% (34.1).

New Wave Group's dividend policy means that the dividends to the shareholders will be equivalent to 30% of Group profits over an economic cycle. The Board proposes a dividend of SEK 0.25 (0.18) per share, corresponding to SEK 16.6 million.

## NOTE 1 ACCOUNTING PRINCIPLES

**Foundation of establishment**

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretation statements issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Commission for application within the EU. In addition the Swedish Financial Reporting Board (RFR): Recommendation 1.2 – Supplementary Accounting rules for Groups has been applied, which means that certain supplementary information has been included in the consolidated financial statements. The accounting principles presented in the description below have been applied consistently for all periods that have been recognised in the consolidated financial statements. The principles have also been applied consistently within the group of companies. These consolidated financial statements are mainly based on costs with the exception of certain financial assets and liabilities that are valued at their current value. The financial reports are drawn up in Swedish krona, which is the New Wave Group's functional currency, as well as the reporting currency for the consolidated financial reporting. Drawing up the financial reports in accordance with IFRS demands that the company management makes assessments, estimates and assumptions. The critical estimates and assessments are often based on historic experience and on anticipated future events. The estimates and assumptions considered to have the greatest impact on profit, assets and liabilities affect how the brands, goodwill and taxes should be valued. Estimates, assessments and assumptions are examined regularly. Changes are recognised in the period during which the change was made and in future periods if these are affected. Information about the areas where applied estimates and assessments include uncertainties can be found in Note 2. Fixed assets, long-term liabilities and provisions largely consist of amounts which are expected to be recovered or paid more than 12 months after the balance sheet date. Current assets, short-term liabilities and provisions largely consist of amounts which are expected to be recovered or paid within 12 months after the balance sheet date.

**NEW AND AMENDED ACCOUNTING PRINCIPLES****Revised IAS 1 Presentation of Financial Statements**

The standard means that only shareholder transactions are recognised within the framework for equity changes. Other transactions which were previously recognised under changes to equity will be recognised under comprehensive income. Comprehensive income can either be presented as a separate report attached to the income statement, or as an extension of the income statement. New Wave Group has elected to follow the latter method.

**IFRS 8 Operating segments**

Advance application in 2008.

**IFRS 2 Share-based Payment**

The change clarifies what can be considered qualifying conditions and what cannot be considered as a qualifying condition in relation to share-based payments. A qualifying condition involves the recipient of the payment providing a service in return. Non-qualifying conditions are not dependent on the person receiving the payment. Cost reporting is based on the qualifying conditions. The so-called non-qualifying conditions only influence the payment's fair value. Since the recipients of the share-based payments issued have paid the fair value for the shares, the change made does not have any current relevance for New Wave Group.

**IAS 23 Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, and which of necessity takes a substantial period of time to get ready for its intended use or sale, will be capitalised in the balance sheet on the condition that a number of other criteria have been met. There are thus no longer any alternative options. No investments have been made that raise the issue.

**IFRIC 13 Customer Loyalty Programmes**

The statement covers all the cases in which a customer receives a reward at the time of purchase in the form of future goods or services. In accordance with the statement, the customer pays for the future benefit of goods or services at the time of purchase. This could be the case if a transaction awards points that can be used to purchase goods and services in the future, either from the company or from one of their partners. The part of the price which constitutes payment for the future reward should be allocated to a period as deferred income and recognised in the income statement when the future transaction takes place. The statement has had no effect on New Wave Group's reporting.

**Additions to IFRS First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements**

The change in relation to IFRS 1 does not influence New Wave Group's reporting. The change to IAS 27 means that all dividends from subsidiaries, commonly controlled entities or associated companies must be recognised in the parent company's income statement. The change has not had any effect on New Wave Group's reporting during the year.

**IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation**

The revision allows for puttable instruments to be classified as equity in exceptional cases (despite such instruments being classified and recognised as liabilities in normal circumstances); although a number of specific conditions must be met for this to happen. To classify these instruments as equity, it is vital that the owner of the financial instrument has the same rights, neither more nor less, and therefore has the same rights in the case of any liquidation of operations. New Wave Group has not issued this form of financial instrument; the update has therefore not had any effect on the reporting for the year.

**IAS 39 Financial Instruments: Recognition and Measurement**

The addition deals with the types of financial risk that can be hedged. The update has not had any effect of New Wave Group's reporting.

**IFRS 7 Financial Instruments: Disclosures**

The change assumes that there is a need to disclose several statements relating to how the fair value of financial instruments has been calculated. The disclosures should show whether the calculations carried out are based on observable market values or not, and whether the value models applied are based on observable input or not. If a fair value has been changed and recognised in the income statement, how this change came about, i.e. how it has been calculated, must be shown. The proposed changes only apply to financial instruments valued at fair value. Where New Wave Group owns financial instruments valued at fair value, these are all valued based on observable data. In addition to the above changes, information must be disclosed about the companies' liquidity risk. Derivative liabilities may be excluded from information on the liability's due date structure, if this information is not significant to understanding future cash flows.

**IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of Embedded Derivatives**

Whether a contract contains an embedded derivative is evaluated when a financial instrument is recognised for the first time. The initial assessment will not be re-evaluated regularly unless the contract conditions are dramatically changed or if a financial instrument is re-classified and is therefore no longer classified as a financial instrument valued at fair value in the income statement. If any of these criteria is met, a new assessment must be made. New Wave Group does not own any embedded derivatives, therefore the changes do not give rise to any changes in the reporting.

**IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

The statement treats the interaction between demands for certain funding, legislative or contractual, and the standard's coverage of what may be recognised as a defined benefit asset. Under certain circumstances, it can be necessary, for example, in accordance with national legislation, for a company to pay more capital into a pension plan than what is required under IAS 19. Such payments are classified and recognised as administered assets in the balance sheet. IFRIC 14 covers the circumstances under which a net asset can be recognised when there are restrictions in general. The standard has not given rise to any effects.

**IFRIC 15 Agreements for the Construction of Real Estate**

The statement clarifies when and how income and related costs must be recognised in connection with sales of property if there is a purchase agreement between the contractor and the purchaser before the property is completed. If there is no contract then it is not credible that subsequent income recognition could be applied. The statement has not had any effect on New Wave Group's reporting.

**IFRIC 16 Hedges of a Net Investment in a Foreign Operation**

The statement describes how hedging a net investment in a foreign subsidiary must be recognised, which company in a group may own the actual hedging instrument and how the company must ascertain the value of the exchange rate



profits or losses in relation to the net investment and the hedging instruments that must be reversed upon sale of the foreign operation. New Wave Group hedges its ownership in the American subsidiary operations. However, the statement has no effect on New Wave Group's reporting

#### **FUTURE CHANGES TO ACCOUNTING PRINCIPLES**

The new standards and statements that must be applied for the 2010 financial year or later are listed below.

#### **IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements**

Changes implemented can influence the size of the recognised goodwill, the recognised profit for the period in which the acquisition was carried out as well as future recognised profit. Transaction costs must be recognised at the value of recognised goodwill in the income statement when they arise. The acquirer can either choose to value non-controlling interest ("minority interest") at fair value, "full goodwill" or at its share of acquired net assets. The first alternative means that minority interest and goodwill both increase in value by the equivalent amounts. Changes in value in relation to agreed additional purchase prices will be recognised in the income statement in the future and will not influence the value of the recognised goodwill. In accordance with IAS 27, all changes in ownership share of a subsidiary, where the controlling interest does not end, are recognised as equity transactions. In addition, ISA 27R changes the reporting of losses in subsidiaries as well as the loss of control of a subsidiary. The new standards will lead to changes in reporting if New Wave Group acquires operations, or sells or acquires outstanding minority shares in the future.

#### **IFRIC 12 Service Concession Arrangements**

The interpretation deals with transactions where a private player forms or acquires and manages/operates an asset for a public player. This could, for example, be an infrastructure asset. The other party, which could be the government for example, owns the asset and retains the residual value/interest in the asset after the term of the agreement. New Wave Group does not run this type of operation and the interpretation therefore does not give rise to any changes in reporting.

#### **IFRIC 17 Distributions of Non-cash Assets to Owners**

The interpretation deals with how all distributions of non-cash assets are recognised. The distribution must be recognised at fair value, which means that a debt is recognised at the time of the distribution decision, a liability that must continually be revalued through equity. When the dividend is paid, the difference between each asset's book value and the fair value of the liability is recognised in the income statement as a capital gain or loss. If New Wave Group distributes non-monetary assets in the future, the statement will then influence reporting.

#### **IFRIC 18 Transfers of Assets from Customers**

The interpretation must be applied in all situations where a company receives an asset from a customer for the purpose of acquiring or establishing an asset. It is important that there is a clear link between the recipient and the customer. The latter must receive access to goods and/or services. Whether or not control of the asset in question has been transferred is essential for the reporting as this has an effect on who can or must record the asset in the balance sheet. Where it can be observed that the recipient must report an asset, this is recognised as an exchange transaction, in other words, the recipient is assumed to have delivered a service in return. The value of what is received must be recognised as income. The statement, however, has no effect on New Wave Group's reporting.

#### **IFRS 2 Share-based Payment: Members' Shares in Co-operative Entities and Similar Instruments**

IFRS 2 and IFRIC 11 have previously not dealt with how a business must report goods and services received provided that another business within the group reports an undertaking for this delivery. Under these circumstances, the parent company reports an undertaking (liability) and an equivalent increase in shares in the subsidiary in turn, since they have no obligation to pay out money and a share-related payment (cost) is recognised in the income statement at the same time as a capital injection is recognised. The payment is written off in the consolidated financial statements. Since the recipients of the share-based payments issued have paid fair value for the shares, the change made does not have any current relevance for New Wave Group.

#### **Improvements and smaller updates to IRFS**

Every year the IASB publishes proposals for updates to existing IFRS and IFRIC. These concern both editorial and principle changes. The changes have not had any effect on the reporting for the year.

#### **CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATING PRINCIPLES**

The consolidated financial statements cover the parent company New Wave Group AB and all companies in which New Wave Group AB holds, either directly or indirectly, more than 50% of the votes or exercises a controlling interest by other means. To determine whether a controlling interest exists, consideration is given to shares invoking potential voting rights that can be utilised or converted without delay. The cost of shares in subsidiaries is eliminated against equity in the relevant subsidiary at the time of acquisition. If the acquired company reports untaxed reserves or equivalent, a deferred tax liability is recognised according to the applicable percentage rate in the relevant country. If the cost is greater than the value of the shares in the acquired company's net assets, goodwill is recognised for the Group. This method means that only the share of equity created in the subsidiary after the time of acquisition is recognised in the consolidated equity. The cost is calculated as the sum of the fair value for paid assets, incurred or transferred liabilities and equity instruments issued by New Wave Group in order to acquire the business. The acquisition costs are recognised in the balance sheet as a part of the cost. If the share of the fair value of the acquired net assets exceeds the cost of acquiring the business, the difference is recognised in the income statement as a profitable acquisition. The profit for operations acquired during the year is recognised in the consolidated income statement from the time of acquisition. The gain or loss made on companies sold during the year is calculated from the Group's recognised net assets in these companies, including the profits up to when the sale took place. Intra-group balances and any unrealised income and costs attributable to internal group transactions are eliminated. The minority share of the profit for the year and equity is based on the subsidiaries' balance sheet on the closing date. The minority share in the subsidiaries' assets is recognised as a separate item in consolidated equity. The minority share is included in the recognised profit in the consolidated income statement. Companies that are not subsidiaries, but in which the parent company owns, directly or indirectly, at least 20% of the voting rights are considered to be associated companies. Shares in associated companies are recognised according to the equity method. The share of profit before tax in associated companies is included in the consolidated income statement. The holding in associated companies is recognised in the consolidated balance sheet at the cost adjusted for share of profits after the time of acquisition.

#### **Reporting income**

Income is valued at the fair value of what has been received or will be received with deductions for value-added tax, discounts and returns. Income is recognised when it is considered likely that payment will be received and income and the attributable costs can be calculated in a reliable manner, in other words, when all risks and benefits have passed from seller to buyer. In the majority of cases, for New Wave Group this means when an individual product is transferred, provided that New Wave Group is no longer financially involved with the product. Income from commission, royalties and licences is recognised in accordance with the existing financial consequences of the agreement.

#### **INTANGIBLE FIXED ASSETS**

An intangible asset is an identifiable non-monetary asset that lacks physical form. Intangible assets that can be identified and valued separately from goodwill at the time of acquisition comprise, for example, customer-related, contractual and/or technical assets. Typical marketing and customer-related assets comprise brands and customer relations. Customer contracts and customer relations originate from expected customer loyalty and the cash flow expected from each asset during the rest of its useful life. The method used as a basis for valuation is described below under Brands. Internally generated intangible assets, excluding goodwill, are only recognised if it is sufficiently credible that they will generate a financial benefit in the future and if the cost of the asset can be determined reliably. The cost of internally generated assets includes direct production costs as well as the proportional share of indirect costs. The intangible assets are depreciated linearly over their useful lives. Depreciation begins once the asset is available to be taken into operation. Product development mainly covers the design and production of new collections as well as the development of new product variants within the existing product range. As a general rule, this type of development does not fulfil the requirements for reporting in the balance sheet. Development expenses are thus written off continuously in most cases. No research operations in their strict sense are carried out. Intangible assets are valued at their cost and are depreciated over their useful life which can be indeterminate or determinable. Tangible assets with an indeterminate useful life are not depreciated according to plan, but are tested for impairment at least once a year. New Wave Group reports goodwill and the brands that are classified as intangible assets with an indeterminate useful life. Intangible assets can mainly

be acquired in three different ways, a fact that is shown in the supplementary information presented. This applies to either assets that are acquired individually or that are included in business combinations or that are generated internally. The final type is recognised in the balance sheet when a number of criteria have been fulfilled, including that the definition of an asset must be met. However, it should also be possible for New Wave Group, for financial reasons, to prepare the asset for use and a business plan must be in place showing the future economic benefits of the asset.

#### Goodwill

Goodwill arises with acquisitions and constitutes the difference between the cost of the acquisition and the identified fair value of the net assets acquired. The value of goodwill is tested annually, or whenever there are indications that its value has fallen. Goodwill is recognised at cost less accumulated write-downs. Goodwill is divided into the cash-generating units identified by the company.

#### Trademark

Trademarks are mainly recognised at their cost less any accumulated depreciation and write-downs. Where a trademark has an indeterminable useful life, it is not depreciated but is tested annually for impairment.

#### TANGIBLE FIXED ASSETS

Tangible fixed assets are valued at their respective cost, adjusted for planned depreciation and any write-downs. Tangible fixed assets are depreciated linearly during their estimated useful life. When the basis for depreciation is determined for individual fixed assets, consideration is given to any residual value of the asset. Where assets comprise components that are very different in terms of their useful life, these are depreciated separately, using so-called component depreciation. The cost of manufactured tangible fixed assets includes direct manufacturing costs and distributable indirect costs. Depreciation is begun once the asset is made available for use. No depreciation is carried out for land. The revaluation method is not applied. Tangible fixed assets are removed from the balance sheet once they are disposed of, or if they are not expected to create any financial benefit in the future, either through their use or sale. Capital gains and losses are calculated as the difference between the sales figure and the recognised value of the asset. The capital gain or loss is recognised in the income statement at the same time as the asset is removed from the balance sheet. The residual value of the assets, the useful life and depreciation method are examined at the end of every financial year and adjusted if required with future effect. Standard costs for maintenance and repair are written-off when they occur but costs for significant renovation and improvements are recognised in the balance sheet and are depreciated over the remaining useful life of the original asset. The report below shows the periods of useful life applied within New Wave Group.

|                                     |        |
|-------------------------------------|--------|
| Computers and software .....        | 33%    |
| Buildings .....                     | 2–4 %  |
| Other machinery and inventory ..... | 10–20% |

#### WRITE-DOWNS

If there are any internal or external indicators that the value of an asset has fallen, an impairment test will be carried out on the asset. For assets with an indeterminable useful life, including goodwill and trademarks, this kind of test is carried out at least annually, whether or not there is evidence of a need for impairment. An asset or group of assets (cash-generating units) must be written down if the recoverable value is lower than the recognised value. The recoverable value is the higher of the value in use and the net sales value. Write-downs are recognised in the income statement. If an individual asset cannot be tested separately for the reason that no fair value minus sales costs can be identified for the asset in question, then the asset will be allocated to a group of assets, designated cash-generating units, for which it is possible to identify a separate future cash flow. For specific assets, such as goodwill, there is no fair value minus sales costs, which means that it has become necessary instead to calculate a value in use for the cash-generating unit to which the relevant asset is allocated. If the distribution of goodwill cannot be completed during the year in which the acquisition of the company took place, the first distribution must be established definitively before the end of the financial year after the one in which the acquisition took place. Amounts that are related to non-distributed goodwill must be indicated, as well as the reason for which they have not been distributed. When the factors leading to write down are changed during subsequent periods, the write-downs will be reversed as long as this does not involve write-downs of intangible assets with indeterminable useful lives. The information relating to the assumptions which need to be made to calculate a value in use are shown in Note 9 Intangible fixed assets.

#### PROVISIONS

A provision is recognised when the Group has an obligation, legal or constructive, as a result of historic events and where it is probable that a payment will be demanded in order to complete the obligation and that its value can be measured reliably. When the company expects that a provision already made will be compensated by an external party, e.g. under the framework of an insurance agreement, this will be recognised as a separate asset, but only once it is virtually certain that the compensation will be received. If the provision is to be adjusted after more than twelve months, then the future payment is calculated at current value. The calculation is made using a discount rate that reflects the short-term market expectations, taking into consideration the specific risks of the transaction. Continual capitalisation of the provision is recognised in the income statement. A provision for restructuring reserves is recognised over the period in which the Group is legally or constructively bound to the plan and the other party has generated a justifiable expectation. Provisions are only recognised for the costs that arise as a direct effect of the restructuring and which are a result of the remaining contractual obligations without long-term economic benefit or which constitute a penalty as a result of the termination of the obligation.

#### FINANCIAL INSTRUMENTS

All sales and purchases of financial assets are recognised on the transaction date, which is the date that the Group undertakes to purchase the asset. This kind of sale or purchase normally requires a delivery within the period set by regulation or market practice. A financial asset or liability is included in the balance sheet when the company becomes a party to the instrument's contractual conditions. Accounts receivable are included in the balance sheet when the invoice has been sent. Liabilities are included when the other party has fulfilled its obligations and a contractual obligation to pay exists, even if an invoice has not yet been received. Accounts payable are recognised once the invoice is received. A financial asset is eliminated from the balance sheet when the rights in the agreement are realised, fall due or the company loses control over them. The same applies to parts of a financial asset. A financial liability is eliminated from the balance sheet when the obligation in the agreement is fulfilled or eliminated in some other way. The same applies to parts of a financial liability.

#### FINANCIAL FIXED ASSETS

A financial asset is initially classified according to one of the four categories below:

- Financial assets valued at their fair value through the profit for the year.
- Loans and receivables valued at the accrued cost.
- Financial assets kept until maturation valued at cost.
- Financial assets available for sale valued at their fair value in relation to total profit.

New Wave Group owns financial assets valued at fair value through the income statement as well as loans and receivables. There are no financial assets kept to maturation or financial assets available for sale.

#### FINANCIAL ASSETS VALUED AT THEIR FAIR VALUE THROUGH THE PROFIT FOR THE YEAR

New Wave Group uses derivatives to protect itself from financial risks in the form of, for example, currency futures. These are valued at fair value through profit for the year, provided they do not constitute a part of a hedging relationship and hedge accounting is employed. Changes in value are recognised in the operating profit if the underlying transaction relates to purchase, sale or personnel-related transactions. Other changes in the value of a derivative are recognised as financial items. If these derivatives have a positive value they are recognised in the balance sheet as derivative assets. The position and profit are recognised in Note 15 Financial instruments and financial risk management.

#### LOANS AND ACCOUNTS RECEIVABLE

Loans are non-derivative financial assets with fixed or fixable payments which are not listed on an active market. They are initially recognised at fair value and continually at accrued cost. If a loan is assumed to be impossible to recover, a reservation is made for the difference between the recognised value and the expected cash flow. Income from interest related to loans is recognised as financial income. A reservation is made for uncertain receivables at the turn of the year, when there is objective proof that the full value of the asset will not be received. Losses attributable to uncertain receivables are recognised in the income statement under other operating costs. Accrued income is included among other receivables when, in accordance with IFRS 7, this is considered a financial asset that will give rise to future payments to the company. The receivables have, after individual testing, been recognised at the amount they are expected to accrue. Accounts receivable are recognised at the amount they are expected to be paid

in as after deduction of uncertain receivables which are assessed individually. The anticipated term for accounts receivable is short, which is why the value is recognised at a nominal amount without discounting. Write-downs of accounts receivable are recognised under operating costs. The write-down for the year is recognised in Note 15 Financial instruments and financial risk management.

#### CASH AT BANK AND IN HAND

Cash and short-term bank balances cover liquid deposits with a bank and available cash as well as short-term bank deposits with an original maturation date of three months or less. Short-term investments consist of liquid bank deposits with no commitment period and market value is thus assessed to be the same as book value.

#### FINANCIAL LIABILITIES

A financial liability is initially classified as one of the two categories below:

- Financial liabilities valued at their fair value through the profit for the year.
- Financial liabilities valued at accrued cost.

Financial liabilities valued at their fair value through the profit for the year  
New Wave Group uses financial derivatives to protect itself from financial risks in the form of, for example, currency futures. These are valued at fair value through profit for the year if they do not constitute a part of a hedging relationship and hedge accounting is employed. If these derivatives have a negative value they are recognised in the balance sheet as liabilities.

#### FINANCIAL LIABILITIES THAT ARE VALUED AT ACCRUED COST

These liabilities are initially recognised at fair value, with deductions for transaction costs. In subsequent periods, these liabilities are valued at accrued cost in accordance with the effective interest rate method. Any differences between income, with deductions for transaction costs, and the value at redemption are recognised in the income statement for the relevant period. Interest on recognised liabilities is recognised as accrued costs for each period. Loans comprise debts to credit institutions. Liabilities are recognised in the balance sheet at cost on the settlement date with supplements for accrued interest. Interest rate costs are allocated to a period and recognised continuously in the income statement. Accounts receivable are valued at accrued cost. Accounts receivable have a short expected term and are valued without discounting at the nominal amount. The risk description is found under Note 15 Financial instruments and financial risk management.

#### VALUING FINANCIAL INSTRUMENTS AT THEIR FAIR VALUE

Listed derivatives are based on prices listed on the balance sheet date. The fair value of a currency future is calculated using forward rates quoted on the balance sheet date. If there is no available listed information allowing valuation of financial instruments at their fair value, accepted valuation methods will be used, which are more or less dependent on listed information/data. In certain cases, valuation methods based on own assumptions and assessments are used. New Wave Group only owns financial instruments for which the valuation is based on listed information; the management therefore has not needed to make any assumptions or assessments of the value of financial instruments. The fair values of financial assets and liabilities are assumed to be the nominal value for the assets and liabilities which have a maturity date of less than one year.

#### FINANCIAL DERIVATIVES AND HEDGE ACCOUNTING

Financial derivatives are valued initially and continuously at their fair value. Changes in value are recognised through profit for the year if they do not make up a part of an effective hedging relationship and hedge accounting is employed. Once a derivatives contract has been entered, the Group chooses to classify the derivatives as fair value hedges, cash flow hedges or hedges of net investments in foreign subsidiaries. New Wave Group uses cash flow hedges for hedging of future flows and hedging of foreign subsidiary operation. Changes in value for hedging instruments comprising a part of an effective cash flow hedge or a hedge of foreign subsidiaries are recognised as other comprehensive income. The accumulated change in value for this type of derivative is repaid via the profit for the year for the period in which the hedged item influences the income statement items. When a hedged instrument is sold, matures, is used or repaid or no longer fulfils the requirement for hedging transactions in any other manner, any gain or loss which has been attributed to equity until that time remains there, to be ultimately recognised as an adjustment of costs or income when the planned transaction or the measures carried out are realised in the income statement. If a planned transaction or a started measure is no longer expected to take place, the accumulated gain or loss attributed to other comprehensive income for the period for which the hedging applied is immediately transferred to the

income statement. New Wave Group holds loans in the functional currencies of the subsidiaries with the aim of hedging net investment in foreign companies. Exchange rate gains and losses that occur when recalculating loans with the aim of hedging net investments in foreign subsidiaries are recognised as translation differences. New Wave Group hedges a further approx. 50–80% of all purchases within Sports & Leisure and Sagaform that are exposed to currency exchange rates. At the time the order is placed, a derivative is acquired to hedge the value of the receipt to stocks. Information is provided on the individual hedges in Note 15 Financial instruments and financial risk management.

#### WRITE-DOWNS OF FINANCIAL ASSETS

If the fair value of a financial asset has underperformed the book value for a long period, the value is analysed to ascertain whether there is a write-down requirement. A write-down is recognised in the income statement and must be distinguished from a general change in value in relation to financial instruments that are available for sale. The specific rules for write-downs that apply to this category of financial instruments are of no interest to New Wave Group since none are held at the current time. Financial assets valued at their accrued cost may, however, need to be written down in certain circumstances, for example if the other party's credit rating has fallen. This type of write-down is recognised in the income statement and can be reversed if the circumstances relating to write-downs in the coming periods have changed and the circumstances leading to the write-down no longer exist.

#### LEASING

Financial lease agreements, where the Group basically takes on all risks and benefits linked to ownership of the leased object are recognised in the balance sheet at the fair value of the leased property, or if the value is lower, to the current value of the minimum lease payments. Lease payments are divided between financing costs and amortisation of the lease liability. Financial lease assets are depreciated over the expected useful life. Lease agreements where the lessor mainly keeps all risks and benefits of ownership are classified as operational. Leasing costs are written off linearly in the income statement over the leasing period. Company cars, copying machines, etc. are recognised, for reasons of materiality, as operational leasing.

#### STOCK

Stocks are recognised at the lower of the acquisition cost and net sales value, where the cost is calculated by applying the FIFO method (First In First Out). The net sales value is the estimated selling price minus estimated sales costs. Stocks consist of clothes, gift items and accessories for resale. Deductions for real obsolescence have been made in the recognised stock value.

#### INCOME TAX

##### Current income tax

Short-term tax receivables and liabilities for the current period and earlier periods are set at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws applied to calculate the amount are those which are adopted or announced on the balance sheet date. Current tax attributed to items that are recognised in equity and in other comprehensive income are recognised under equity and other comprehensive income and not in the income statement.

##### Deferred income tax

Deferred income tax is recognised on the balance sheet date in accordance with the balance sheet method for temporary differences between the taxable and recordable values for assets and liabilities. Deferred tax liabilities are recognised for all taxable temporary differences,

- except in those cases where the deferred income tax liability occurs as an effect of goodwill being depreciated or when an asset or liability is recognised as a part of a transaction that is not a company takeover and which at the time of the transaction does not influence either the recognised gain or taxable gain or loss (i.e. initial recognition exemption) and,
- in relation to deductible temporary differences, is attributable to investments in subsidiaries, associated companies and joint ventures, except in cases where the deadline for reversing the temporary differences can be controlled and it is credible that the temporary difference will not change in the immediate future.

Deferred tax receivables are recognised for all deductible temporary differences, including deficit deductions as far as it is credible that a taxable gain will be available for use. The value of deferred tax receivables will be assessed on each balance sheet date and adjusted as far as it is no longer credible that an adequate gain will be generated so that all or part of the deferred tax receivable can be used.



Deferred tax receivables and liabilities are set at the tax rates that apply for the period in which the asset was capitalised or the liability paid, on the basis of tax rates (and legislation) that are adopted or announced on the balance sheet date. Deferred tax receivables and liabilities are settled if there is a legal right to settle them against each other and the deferred tax is attributable to the same unit in the Group and the same tax authority.

#### PENSIONS

There are both fixed benefit and fixed payment pension plans at New Wave Group. The Group has fixed benefit pension plans managed by Alecta. This is a plan which covers several employers, and since Alecta does not have enough information to use as a basis for value, the company reports the pension commitments with Alecta as a fixed payment plan in accordance with IAS 19, page 30. Alecta's collective funding ratio at the end of the year was 141% (112). The collective funding level is the difference between the assets and insurance commitments calculated according to Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19. The Group's contributions to fixed payment pension plans affect the income statement for the year to which they are attributable.

#### SHARE-RELATED PAYMENTS

New Wave Group has a share-related incitement programme where the recipient has paid a market-adjusted payment for subscribed options for example. This approach does not lead to any cost reporting. On the contrary, the options, should they be exercised, will give rise to a dilutive effect.

#### SEGMENT REPORTING

The business areas Corporate Promo, Sports & Leisure and Gifts & Home Furnishings comprise the Group's segments. This division means that each brand is grouped into one of the different business areas. Pricing between Group companies is done on commercial grounds and therefore at market prices. Internal profit that arises from sales between Group companies has been completely eliminated.

#### ESTIMATES AND ASSUMPTIONS

When the Board and CEO draw up the financial reports, certain estimates and assumptions must be made that influence the content of the financial report, i.e. the recognised value of assets, liabilities, income and costs. The areas where estimates and assumptions are of great interest for the Group and that may influence the income statement and balance sheet if they are changed are described below:

##### Writing down tangible and intangible assets

Tangible fixed assets and intangible assets, apart from those which have an indeterminable useful life, are depreciated over the period in which they will generate income, in other words, their useful life. If there is an indication that an asset has fallen in value, the asset's recoverable value is calculated, which is the higher out of the fair value for the asset minus sales costs and its value in use. A write-down is recognised when the asset's recoverable value is lower than its recognised value.

The recoverable value is set on the basis of the management's estimation of, for example, future cash flow. The assumptions that are made in relation to testing for impairment, including a related sensitivity analysis, are explained in more detail in Note 9 and in all cases affect the calculated current value. Goodwill and intangible assets with an unlimited useful life must be tested for impairment annually or whenever there are indications that the value has fallen. To test these assets, they must be distributed to cash-generating units and their respective values in use calculated. The necessary calculations require the management to make an estimate of the expected future cash flow attributable to defined cash-generating units, and a suitable discount rate to be produced in order to discount the cash flow. See Note 9. The Group has evaluated the estimates made which, if they were to change, could have a material effect on the fair value of the assets and would therefore mean that a write-down must take place. The estimates relate, among other things, to the expected sales price of the products, the expected rate of inflation and the discount rate. Any assumptions made in relation to impairment tests carried out, including a sensitivity analysis, are described in more detail in Note 2.

##### Valuing financial instruments at their fair value

Where financial assets and liabilities do not have a fair value based on listed prices, different evaluation methods are used instead, such as models for discounted cash flow or the Black & Scholes model. The main assessments cover future cash flows, credit risks and volatility. For further information, see Note 15 Financial instruments and financial risk management.

##### Deferred tax receivables

Deferred tax is recognised for temporary differences that occur between the taxable value and the recognised value of assets and liabilities, just as for non-utilised deficit deductions. Deferred tax receivables are only recognised where it is probable that they can be used against future gains. In the event that the actual outcome is different from the estimates made, or if the management adjusts their estimates in the future, the value of deferred tax receivables could change. For more detailed information, see Note 11 Financial fixed assets.

##### Provisions for uncertain receivables

Accounts receivable are initially valued at fair value and then at the value which they are expected to realise. An estimate of uncertain receivables, based on an objective evaluation of all outstanding amounts, is carried out at year-end. Losses linked to uncertain receivables are recognised in the income statement under other operating costs. See Note 15 Financial instruments and financial risk management.

##### Obsolescence in stocks

Obsolescence in stocks is recognised when the net sales value is lower than the acquisition value. The value is dependent on the management's assessment of older articles, surplus stock, damaged goods and other sales costs.

## NOTE 2 MATERIAL ACCOUNTING ASSESSMENTS, ESTIMATES AND ASSUMPTIONS

When the Board and CEO draw up the financial reports in accordance with the applicable accounting principles, certain estimates and assumptions must be made that influence the recognised value of assets, liabilities, income and costs. The areas where estimates and assumptions are of great interest for the Group and that may influence the income statement and balance sheet if they are changed are described below:

##### Writing down tangible and intangible assets

Tangible fixed assets and intangible assets, with the exception of goodwill, are written off over the period in which they will generate income, i.e. their useful life. If there are any indications that an asset has fallen in value, its recoverable value is calculated, which consists of the higher of the asset's net sales value and its value in use. A write-down is recognised when the asset's recoverable value is lower than its recognised value. The recoverable value is set on the basis of the management's estimation of future cash flow. The assumptions that are made in relation to testing for impairment, including a related sensitivity analysis, are explained in more detail in Note 1 Accounting principles.

Goodwill and intangible assets with unlimited useful life must be tested for impairment at least once a year. The necessary calculations require the management to make an estimate of the expected future cash flow attributable to defined cash-generating units, and for a suitable discount rate to be produced in order to discount the cash flow. See Note 9 Intangible fixed assets.

The Group has evaluated the estimates made which, if they were to change, could have a material effect on the fair value of the assets and would therefore mean that a write-down must take place. The estimates relate, among other things, to the expected sales price of the products, the expected rate of inflation and the discount rate. The assumptions made in relation to impairment tests carried out including sensitivity analysis, are described in more detail in Note 15 Financial instruments and financial risk management.

**Deferred tax receivables**

Deferred tax is recognised for temporary differences that occur between the taxable value and the recognised value of assets and liabilities, just as for non-utilised deficit deductions. Deferred tax receivables are only recognised where it is probable that they can be used against future gains. In the event that the actual outcome is different from the estimates made, or if the management adjusts their estimates in the future, the value of deferred tax receivables could change. For more detailed information, see Note 11 Financial fixed assets.

**Provision for uncertain receivables**

Accounts receivable are initially recognised at their fair value and then at the expected realisable value. An estimate of uncertain receivables, based on an objective evaluation of all outstanding amounts, is carried out at year-end. Losses on uncertain receivables are recognised in the income statement under external costs. See Note 15 Financial instruments and financial risk management.

**Obsolescence in stocks**

Stocks consist of clothes, gift items and accessories for resale and are valued by applying the FIFO principle at the lowest out of the cost and the net sales value on the balance sheet date. Deductions are made for internal profit made from deliveries between Group companies.

There is a low risk that net sales value is lower than cost in the Corporate Promo business area since much of the product range consists of timeless basic products which are in demand season after season.

Around 35% of sales in the Sports & Leisure business area are made through the Corporate Promo sales channel. This range is largely made up of basic items with a limited fashion risk. For sales within the retail sales channel, orders to the factory are placed once the purchase order has been received from the customer, which considerably reduces the risk that the net sales value is lower than the cost.

Within the Gifts & Home Furnishings business area, most of the volume consists of classic, best-selling products that in many cases have a product cycle of more than 20 years, which limits the risk that the net sales value is lower than the cost.

**Pension and other benefits post-employment**

Fixed benefit pension plans do exist at the Group. These are only small pension plans. As the Swedish manager Alecta cannot recognise a basis that allows calculation of fixed benefit pension liabilities, this pension plan has instead been recognised as a fixed payment plan.

**NOTE 3 SEGMENT REPORTING****Primary segments – product areas**

| SEK million              | Income          |                | Operating profit/<br>loss, EBITDA |              | Assets         |                | Investments  |              | Depreciation |              | Liabilities    |                |
|--------------------------|-----------------|----------------|-----------------------------------|--------------|----------------|----------------|--------------|--------------|--------------|--------------|----------------|----------------|
|                          | 2009            | 2008           | 2009                              | 2008         | 2009           | 2008           | 2009         | 2008         | 2009         | 2008         | 2009           | 2008           |
|                          | Corporate Promo | 1 876.1        | 2 216.2                           | 168.5        | 316.9          | 2 098.4        | 2 808.6      | -35.4        | -33.2        | -37.6        | -32.0          | 1 724.2        |
| Sports & Leisure         | 1 574.0         | 1 714.2        | 122.1                             | 160.3        | 1 410.3        | 1 694.0        | 0.5          | -29.0        | -22.7        | -20.6        | 401.9          | 439.6          |
| Gifts & Home Furnishings | 636.9           | 673.8          | -47.6                             | -44.2        | 893.6          | 868.1          | 11.9         | -3.0         | -10.3        | -11.6        | 469.1          | 574.7          |
| <b>Total</b>             | <b>4 087.0</b>  | <b>4 604.2</b> | <b>243.0</b>                      | <b>433.0</b> | <b>4 402.3</b> | <b>5 370.7</b> | <b>-23.0</b> | <b>-65.2</b> | <b>-70.6</b> | <b>-64.2</b> | <b>2 595.2</b> | <b>3 536.9</b> |

New Wave Group AB's segments constitute the business areas Corporate Promo, Sports & Leisure and Gifts & Home Furnishings. The relevant brands are allocated to the business area to which they are considered to belong. The Group monitors income and profit/loss (EBITDA) for each area. The operating segments are based on the Group's operational management and this is exclusively based on IFRS, which means that no adjustments need to be made in relation to the consolidated financial statements. New Wave Group has chosen to present the profit for the business areas as EBITDA (Earning Before Interest, Tax, Depreciation and Amortisation), which means operating profit/loss adjusted for depreciation of fixed assets. Central costs have been distributed to the relevant segment based on use. Assets and liabilities for the comparative year have been reclassified.

**Geographic areas**

| SEK million      | Income         |                | Assets         |                |
|------------------|----------------|----------------|----------------|----------------|
|                  | 2009           | 2008           | 2009           | 2008           |
| Nordic countries | 1 815.2        | 2 075.0        | 2 071.8        | 2 021.0        |
| Mid-Europe       | 803.9          | 860.0          | 565.6          | 933.0          |
| Southern Europe  | 501.4          | 560.0          | 464.5          | 764.0          |
| North America    | 796.4          | 929.0          | 1 230.0        | 1 526.0        |
| Other Countries  | 170.1          | 180.2          | 70.4           | 126.7          |
| <b>Total</b>     | <b>4 087.0</b> | <b>4 604.2</b> | <b>4 402.3</b> | <b>5 370.7</b> |

Income is based on where the income is earned. Assets are based on where the Group's assets are located.

**NOTE 4 OTHER OPERATING INCOME**

| SEK million                      | 2009        | 2008        |
|----------------------------------|-------------|-------------|
| Exchange rate gains              | 29.2        | 31.8        |
| Capital gains                    | 2.2         | 5.7         |
| Other contributions and payments | 37.5        | 19.0        |
| <b>Total</b>                     | <b>68.9</b> | <b>56.5</b> |

## NOTE 5 AVERAGE NUMBER OF EMPLOYEES

|                                     | 2009                |              | 2008                |              |
|-------------------------------------|---------------------|--------------|---------------------|--------------|
|                                     | Number of employees | Of which men | Number of employees | Of which men |
| <b>Parent company</b>               |                     |              |                     |              |
| Hisings Kärra                       | 41                  | 24           | 42                  | 26           |
| <b>Total parent company</b>         | <b>41</b>           | <b>24</b>    | <b>42</b>           | <b>26</b>    |
| <b>Subsidiaries in Sweden</b>       |                     |              |                     |              |
| Borås                               | 168                 | 96           | 128                 | 72           |
| Hisings Kärra                       | 21                  | 17           | 27                  | 19           |
| Munkedal                            | 84                  | 48           | 92                  | 51           |
| Orrefors Kosta                      | 446                 | 269          | 594                 | 381          |
| Stockholm                           | 60                  | 43           | 69                  | 50           |
| Ulricehamn                          | 49                  | 20           | 94                  | 44           |
| Örebro                              | 12                  | 4            | 14                  | 6            |
| <b>Total subsidiaries in Sweden</b> | <b>840</b>          | <b>497</b>   | <b>1 018</b>        | <b>623</b>   |
| <b>Subsidiaries abroad</b>          |                     |              |                     |              |
| Bangladesh                          | 43                  | 41           | 57                  | 54           |
| Belgium                             | 38                  | 21           | 47                  | 26           |
| Denmark                             | 67                  | 28           | 75                  | 49           |
| England                             | 8                   | 3            | 8                   | 3            |
| Finland                             | 44                  | 25           | 44                  | 26           |
| France                              | 21                  | 14           | 19                  | 13           |
| Hong Kong                           | 4                   | 2            | 5                   | 3            |
| India                               | 17                  | 4            | 13                  | 12           |
| Ireland                             | 0                   | 0            | 4                   | 2            |
| Italy                               | 54                  | 32           | 56                  | 33           |
| Japan                               | 4                   | 0            | 4                   | 0            |
| China                               | 241                 | 73           | 272                 | 101          |
| The Netherlands                     | 146                 | 99           | 175                 | 110          |
| Norway                              | 62                  | 37           | 69                  | 37           |
| Poland                              | 80                  | 28           | 64                  | 21           |
| Russia                              | 0                   | 0            | 43                  | 17           |
| Switzerland                         | 37                  | 23           | 40                  | 25           |
| Spain                               | 21                  | 17           | 23                  | 16           |
| Germany                             | 48                  | 22           | 52                  | 26           |
| USA                                 | 322                 | 104          | 365                 | 120          |
| Vietnam                             | 30                  | 13           | 30                  | 11           |
| Wales                               | 24                  | 15           | 25                  | 16           |
| Austria                             | 11                  | 8            | 12                  | 9            |
| <b>Total subsidiaries abroad</b>    | <b>1 322</b>        | <b>609</b>   | <b>1 502</b>        | <b>730</b>   |
| <b>Group total</b>                  | <b>2 203</b>        | <b>1 130</b> | <b>2 562</b>        | <b>1 379</b> |

## Gender distribution within company management

|                    | 2009     |          |           | 2008     |           |           |
|--------------------|----------|----------|-----------|----------|-----------|-----------|
|                    | Women    | Men      | Total     | Women    | Men       | Total     |
|                    | 2009     | 2009     | 2009      | 2008     | 2008      | 2008      |
| Board of Directors | 2        | 4        | 6         | 1        | 4         | 5         |
| Group management   | 0        | 4        | 4         | 0        | 8         | 8         |
| <b>Total</b>       | <b>2</b> | <b>8</b> | <b>10</b> | <b>1</b> | <b>12</b> | <b>13</b> |

## NOTE 6 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS

| SEK million               | 2009                            |                       |                        | 2008                            |                       |                        |
|---------------------------|---------------------------------|-----------------------|------------------------|---------------------------------|-----------------------|------------------------|
|                           | Salaries and other remuneration | Social security costs | Of which pension costs | Salaries and other remuneration | Social security costs | Of which pension costs |
| Parent company            | 15.4                            | 7.0                   | 1.6                    | 18.0                            | 7.2                   | 1.3                    |
| Subsidiaries in Sweden    | 318.0                           | 118.4                 | 15.9                   | 337.2                           | 128.7                 | 13.1                   |
| Foreign subsidiaries      | 377.0                           | 54.5                  | 11.4                   | 451.9                           | 64.0                  | 14.0                   |
| <b>Group total</b>        | <b>710.4</b>                    | <b>179.9</b>          | <b>28.9</b>            | <b>807.1</b>                    | <b>199.9</b>          | <b>28.4</b>            |
| Of which production staff | 122.1                           | 37.0                  | 2.7                    | 159.7                           | 51.3                  | 2.9                    |

Of the parent company's pension costs, SEK 0.2 million (SEK 0.2 million) concerns the corporate Board and the CEO. Of the Group's pension costs, SEK 2.5 million (SEK 2.0 million) concerns the corporate Board and the CEO.



## SALARIES AND OTHER REMUNERATION DIVIDED BY COUNTRY AND BETWEEN BOARD MEMBERS ETC. AND EMPLOYEES

| SEK million                      | 2009<br>Board<br>and MD | Of which<br>bonus and<br>similar* | Other<br>employees | 2008<br>Board<br>and MD | Of which<br>bonus and<br>similar* | Other<br>employees |
|----------------------------------|-------------------------|-----------------------------------|--------------------|-------------------------|-----------------------------------|--------------------|
| <b>Parent company</b>            | <b>2.3</b>              | <b>0</b>                          | <b>13.1</b>        | <b>2.5</b>              | <b>0</b>                          | <b>15.5</b>        |
| <b>Subsidiaries in Sweden</b>    | <b>8.8</b>              | <b>0.1</b>                        | <b>309.2</b>       | <b>9.4</b>              | <b>0</b>                          | <b>209.2</b>       |
| <b>Subsidiaries abroad</b>       |                         |                                   |                    |                         |                                   |                    |
| Belgium                          | 0.8                     | 0                                 | 16.1               | 0.8                     | 0                                 | 21.0               |
| Denmark                          | 2.6                     | 0                                 | 30.5               | 2.7                     | 0.1                               | 38.6               |
| England                          | 0.0                     | 0                                 | 0                  | 0                       | 0                                 | 0                  |
| Finland                          | 1.9                     | 0                                 | 16.8               | 2.0                     | 0                                 | 14.8               |
| France                           | 0.7                     | 0                                 | 2.8                | 1.1                     | 0                                 | 3.5                |
| Ireland                          | 0.0                     | 0                                 | 0                  | 0                       | 0                                 | 0                  |
| Italy                            | 6.2                     | 2.2                               | 16.6               | 9.0                     | 4.9                               | 18.2               |
| China                            | 0.0                     | 0                                 | 17.5               | 0                       | 0                                 | 19.3               |
| The Netherlands                  | 5.0                     | 0                                 | 67.3               | 5.3                     | 0.2                               | 70.9               |
| Norway                           | 2.1                     | 0                                 | 28.7               | 1.9                     | 0                                 | 27.3               |
| Poland                           | 0.5                     | 0                                 | 3.1                | 0.6                     | 0                                 | 3.4                |
| Russia                           | 0.6                     | 0                                 | 5.0                | 0.8                     | 0                                 | 8.8                |
| Switzerland                      | 2.2                     | 0                                 | 17.0               | 2.3                     | 0                                 | 18.6               |
| Spain                            | 0.7                     | 0                                 | 6.0                | 0.9                     | 0                                 | 6.1                |
| Germany                          | 2.9                     | 0.8                               | 16.6               | 4.0                     | 1.4                               | 18.9               |
| U.S.                             | 4.9                     | 0                                 | 92.8               | 5.7                     | 0                                 | 136.1              |
| Wales                            | 0.7                     | 0                                 | 4.3                | 0.9                     | 0                                 | 4.4                |
| Austria                          | 0.0                     | 0                                 | 4.1                | 0.0                     | 0                                 | 4.0                |
| <b>Total subsidiaries abroad</b> | <b>31.8</b>             | <b>3.0</b>                        | <b>345.2</b>       | <b>38.0</b>             | <b>6.6</b>                        | <b>413.9</b>       |
| <b>Group total</b>               | <b>42.9</b>             | <b>3.1</b>                        | <b>667.5</b>       | <b>49.9</b>             | <b>6.6</b>                        | <b>638.6</b>       |

\* Bonuses are related to performance and are calculated annually with no future commitment.

| Board members' fees                                 | 2009 | 2008 |
|---|------|------|
| External members of the parent company's Board..... | 0.7  | 0.5  |
| Of which to the Chairman of the Board.....          | 0.2  | 0    |
| Outgoing Chairman of the Board.....                 | 0.3  | 0.9  |

A remuneration committee for the parent company's Board has not been elected. The fees paid to the Chairman of the Board and the Board members are in accordance with the decision of the Annual General Meeting.

**Conditions of employment for the CEO**

Remuneration to the CEO comprises a fixed salary from New Wave Group AB. No Board member fees or other remuneration such as bonuses are paid to the CEO. As pension insurance for the CEO, a market-adjusted fixed payment plan is in place. A mutual notice period of six months applies for the CEO.

**The conditions of employment for other senior executives**

Other senior executives are the three people who make up the Group management together with the CEO. For the structure of the Group management, see the penultimate page of this report. Remuneration to the other senior executives comprises a fixed salary. No board members fees are paid. Market-adjusted fixed payment pension agreements exist for the other senior executives. A mutual notice period of between three to six months exists for the other senior executives and no severance pay is awarded.

**Decision-making process**

There is no specially appointed remuneration committee to deal with salaries, pension benefits, incentives and other employment-related conditions for the CEO and the Group's other senior executives; these matters are dealt with by the Board as a whole. The salaries of the senior executives are decided by the CEO after consultation with the Chairman of the Board. The Board members' fees are decided by the Annual General Meeting.

**Wages, salaries and other remuneration distributed by directors and other executives**

| SEK million   | 2009<br>Salaries and other<br>remuneration | Of which<br>bonus and<br>similar | Of which<br>pension<br>costs | 2008<br>Salaries and other<br>remuneration | Of which<br>bonus and<br>similar | Of which<br>pension<br>costs |
|---|--|----------------------------------|------------------------------|--|----------------------------------|------------------------------|
| Göran Härstedt, Board Member/outgoing CEO           | 1.4  | 0                                | 0                            | 1.5  | 0                                | 0                            |
| Torsten Jansson, CEO/outgoing Chairman of the Board | 0.9  | 0                                | 0.2                          | 0.9  | 0                                | 0.2                          |
| Anders Dahlvig, Chairman of the Board               | 0.2  | 0                                | 0                            | 0  | 0                                | 0                            |
| Mats Årjes, Board Member                            | 0.1  | 0                                | 0                            | 0.1  | 0                                | 0                            |
| Christina Bellander, Board Member                   | 0.1  | 0                                | 0                            | 0  | 0                                | 0                            |
| Helle Kruse Nielsen, Board Member                   | 0.1  | 0                                | 0                            | 0  | 0                                | 0                            |
| Maria Andark, outgoing Board Member                 | 0.1  | 0                                | 0                            | 0.1  | 0                                | 0                            |
| Hans Johansson, outgoing Board Member               | 0.1  | 0                                | 0                            | 0.1  | 0                                | 0                            |
| Peter Nilsson, outgoing Board Member                | 0.1  | 0                                | 0                            | 0.1  | 0                                | 0                            |
| Other senior executives*                            | 2.9  | 0                                | 0.2                          | 11.5                                       | 4.4                              | 0.3                          |
| <b>Total</b>  | <b>6.0</b>                                 | <b>0</b>                         | <b>0.4</b>                   | <b>14.3</b>                                | <b>4.4</b>                       | <b>0.5</b>                   |

\*Individuals referred to on page 79.

Subscription options

|                         | 2009                             |                         |                         | 2008                    |                                  |                         |                         |
|-------------------------|----------------------------------|-------------------------|-------------------------|-------------------------|----------------------------------|-------------------------|-------------------------|
|                         | Quantity with exercise date 2010 | with exercise date 2011 | with exercise date 2012 | with exercise date 2013 | Quantity with exercise date 2010 | with exercise date 2011 | with exercise date 2013 |
| Chairman of the Board   | 0                                | 0                       | 75 000                  | 0                       | 125 000                          | 55 000                  | 0                       |
| Other Board members     | 100 000                          | 55 000                  | 0                       | 50 000                  | 0                                | 0                       | 200 000                 |
| Managing Director       | 100 000                          | 55 000                  | 25 000                  | 0                       | 100 000                          | 55 000                  | 0                       |
| Other senior executives | 60 000                           | 100 000                 | 84 000                  | 0                       | 230 000                          | 250 000                 | 0                       |
| <b>Total</b>            | <b>260 000</b>                   | <b>210 000</b>          | <b>184 000</b>          | <b>50 000</b>           | <b>455 000</b>                   | <b>360 000</b>          | <b>200 000</b>          |

**Option programme to be exercised on 30 June 2010:**

The programme, which runs from June 2007 until 30 June 2010, comprises 1,653,250 share options that can be exercised at a price of up to SEK 102.50. 2,000,000 options were originally issued, of which 346,750 have been cancelled. The options were acquired at market price, which was SEK 7.00 each.

**Option programme to be exercised on 30 June 2011:**

The programme, which runs from July 2008 until 30 June 2011, comprises 1,800,000 share options that can be exercised at a price of up to SEK 64.05. The options were acquired at market price, which was SEK 1.11 each.

**Option programme to be exercised on 30 June 2012:**

The programme, which runs from July 2009 until 30 June 2012, comprises 1,000,000 share options that can be exercised at a price of up to SEK 26.10. The options were acquired at market price, which was SEK 0.21 each.

**Option programme to be exercised on 30 June 2013:**

The programme, which runs from July 2008 until 30 June 2011, comprises 200,000 share options that can be exercised at a price of up to SEK 85.40. The options were acquired at market price, which was SEK 0.88 each.

The share's closing price on December 31 was SEK 27.50.

As at December 31, 2009, only the option programme to be exercised in 2012 is classified as "in the money".

**Pension commitments**

Fixed benefit pension plans do exist within the Group. These are only small pension plans. As the Swedish manager Alecta cannot recognise a basis that allows calculation of fixed benefit pension liabilities, this pension plan has instead been recognised as a fixed payment plan. Recognition has therefore not been carried out in the balance sheet. Alecta's collective funding ratio at the end of the year was 141% (112). The collective funding level is the difference between the company's assets and insurance commitments, calculated in accordance with Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19.

Remuneration for auditors and auditing companies

**Remuneration to auditors and auditing company**

| SEK million             | 2009       | 2008        |
|-------------------------|------------|-------------|
| <b>Group</b>            |            |             |
| <i>Auditing expense</i> |            |             |
| Ernst & Young           | 7.6        | 7.1         |
| Other                   | 0.5        | 0.5         |
| <i>Consultancy fee</i>  |            |             |
| Ernst & Young           | 0.9        | 1.7         |
| Other                   | 0.1        | 1.4         |
| <b>Total</b>            | <b>9.1</b> | <b>10.7</b> |

**NOTE 7 ALLOWANCES**

The Group has been awarded allowances of 2,715 (9,894), which have been valued at SEK 0 million (SEK 0 million).

**NOTE 8 TAX ON PROFIT FOR THE YEAR**

| SEK million                        | 2009         | 2008         |
|------------------------------------|--------------|--------------|
| Current tax                        | -31.0        | -81.1        |
| Tax attributable to previous years | -4.9         | -9.3         |
| Deferred tax                       | -2.5         | 5.5          |
| <b>Total</b>                       | <b>-38.4</b> | <b>-84.9</b> |

Explanation of the difference between the nominal Swedish tax rate and effective tax rate according to the income statement:

| Percentage                                    | 2009        | 2008        |
|---|-------------|-------------|
| Swedish income tax rate                       | 26.3        | 28.0        |
| Taxable deductions for losses*                | 1.9         | -2.3        |
| Effect of foreign tax rates                   | -3.9        | 7.3         |
| Effect of changed tax for previous years      | 5.6         | 2.9         |
| Other   | 0.5         | 0.6         |
| <b>Tax rate according to income statement</b> | <b>30.4</b> | <b>36.5</b> |

\*Share percentage influenced by temporary losses in foreign companies for which a deferred tax benefit is not recognised.

## NOTE 9 INTANGIBLE FIXED ASSETS

| SEK million                                       | Goodwill     |              | Trademarks   |              | Computer software |                |
|---|--------------|--------------|--------------|--------------|-------------------|----------------|
|   | 2009         | 2008         | 2009         | 2008         | 2009              | 2008           |
| <b>Accumulated acquisition values</b>             |              |              |              |              |                   |                |
| Opening acquisition value                         | 883.4        | 816.3        | 427.1        | 380.7        | 102.2             | 80.3           |
| Acquisitions                                      | 0            | 0            | 0            | 0            | 2.9               | 21.9           |
| Sales/disposals                                   | 0            | -25.2        | 0            | 0            | 0                 | 0              |
| Translation difference                            | -38.8        | 92.3         | -19.6        | 46.4         | -2.1              | 0              |
| <b>Closing accumulated acquisition value</b>      | <b>844.6</b> | <b>883.4</b> | <b>407.5</b> | <b>427.1</b> | <b>103.0</b>      | <b>102.2</b>   |
| <b>Accumulated depreciation according to plan</b> |              |              |              |              |                   |                |
| Opening depreciation                              | -52.3        | -51.6        | -13.9        | -13.0        | -70.8             | -60.1          |
| Sales/disposals                                   | 0            | 0            | 0            | 0            | 0                 | 0              |
| Depreciation during the year                      | -0.7         | -0.7         | -1.4         | -0.9         | -10.6             | -10.7          |
| <b>Closing accumulated depreciation</b>           | <b>-53.0</b> | <b>-52.3</b> | <b>-15.3</b> | <b>-13.9</b> | <b>-81.4</b>      | <b>-70.8</b>   |
| <b>Closing book value</b>                         | <b>791.6</b> | <b>831.1</b> | <b>392.2</b> | <b>413.2</b> | <b>21.6</b>       | <b>31.4</b>    |
| All trademarks are acquired.                      |              |              |              |              |                   |                |
| <b>Remaining depreciation time</b>                | -            | -            | *            | *            | <b>3 years</b>    | <b>3 years</b> |

\* Trademarks with a residual value of SEK 6.2 million (SEK 6.0 million) have an average remaining depreciation time of 4.4 years (6.3 years). The remaining share is tested via annual impairment tests.

**Goodwill allocated to cash-generating unit**

| SEK million              | 2009         | 2008         |
|--------------------------|--------------|--------------|
| Corporate Promo          | 255.5        | 268.2        |
| Sports & Leisure         | 482.2        | 509.0        |
| Gifts & Home Furnishings | 53.9         | 53.9         |
| <b>Total</b>             | <b>791.6</b> | <b>831.1</b> |

**Brands allocated to cash-generating unit**

| SEK million              | 2009         | 2008         |
|--------------------------|--------------|--------------|
| Corporate Promo          | 20.4         | 5.0          |
| Sports & Leisure         | 261.8        | 298.2        |
| Gifts & Home Furnishings | 110.0        | 110.0        |
| <b>Total</b>             | <b>392.2</b> | <b>413.2</b> |

The distribution of intangible fixed assets between segments is based on the relationship at the time of acquisition of the relevant company/trademark and is attributed to the business area to which it is considered to belong. New Wave Group monitors cash-generating units at business area level. Goodwill is based on local currency and gives rise to currency conversion effects in the consolidated financial statements. The value of goodwill is tested annually to ensure that the value does not deviate negatively from book value, but can be tested more often if there are indications that the value has decreased. Write-downs of the business areas containing goodwill and trademarks are based on a calculation of the value in use. This value is based on cash flow projections for the next five years and a terminal period. The cash flows in the business areas are influenced by commercial factors, including market growth, competitiveness, margins, cost trends, levels of investment and tied-up operating capital. Assessment of financial factors such as interest rates, borrowing costs, market risk, beta values and tax rates is added when discounting.

Assumptions made in the test are the Board's and the Group management's best assessments of the economic conditions expected to prevail over the useful life, based on the current situation. 2009 was a difficult year which led to a delay in the recovery rate by approximately one year compared with our assessment at the previous turn of the year. Even though market conditions have stabilised and the economic situation looks somewhat brighter, a forecast for future periods is difficult to make. The first five years, 2010–2014, are based upon the Board's established internal forecasts and for the following terminal period an average growth rate of 3% has been used. A weaker development is expected over the first two years (2010–2011) of the forecast period (2010–2014), followed by a gradual improvement in the remaining years. Sensitivity analyses have been carried out across all business areas.

In calculating the present value of expected future cash flows, a weighted average cost of capital (WACC) of 12% before tax is used. Discounted cash flows are compared with book value per cash-generating unit/business area. The impairment test for 2009 showed that there is no write-down requirement.

**Corporate Promo business area**

The calculation covers the business area's cash flow which is based on internal forecasts. This includes an increase in sales slightly above inflation as well as an expected return of tied-up capital at the end of the internal forecast period (2010–2014) to 2003–2005 levels. Margins are expected to be around the same level as for the previous years.

**Sports & Leisure business area**

The calculation covers the business area's cash flow which is based on internal forecasts. Measures have been taken to contribute to the profitability improvements in regard to Cutter & Buck, which is very important to the business area. The effects of these measures are included in the estimated margin and earnings improvements forecasted. The measures also mean that sales and the capital tied up in stock are expected to return to 2002–2005 levels.

**Gifts & Home Furnishings business area**

The calculation includes the business area's cash flow which is based on internal forecasts. Measures to improve efficiency and profitability have been taken during 2009 in regard to Orrefors Kosta Boda, which is very important to the business area. The forecast included the estimated margins and earnings improvements expected as a result of these improvements, which include a much improved stock situation. The measures also mean that sales and the capital tied up in stock at the end of the forecast period are expected to return to 2005 levels.



**Other assumptions and comments**

**Market share and growth**

Demand for mature products has historically followed the economic cycle. The expected market growth is based on transition from the prevailing economic situation to the expected long-term growth. The current market share has already been won for the Nordic countries but there is some growth in Europe and the US.

**Exchange rates**

Currency forecasts are based on the current listed exchange rate. Existing currency hedging has been taken into account.

**Raw material prices**

Raw material prices (cotton, electricity, oil) have been assessed on the basis of the current price level.

**Personnel costs**

The forecast for personnel costs is based on expected inflation, certain real salary increases and scheduled streamlining measures.

The company management believes that reasonable changes should not have such a great effect that each individual recoverable value should be reduced to a value that is lower than that recognised for the relevant business area.

**NOTE 10 TANGIBLE FIXED ASSETS**

| SEK million  | Buildings and mark |              | Equipment, tools and installations |               |
|--|--------------------|--------------|------------------------------------|---------------|
|  | 2009               | 2008         | 2009                               | 2008          |
| <b>Accumulated acquisition values</b>                        |                    |              |                                    |               |
| Opening acquisition value                                    | 281.9              | 270.5        | 542.3                              | 462.9         |
| Acquisitions   | 10.4               | 31.6         | 54.7                               | 91.0          |
| Sales/disposals  | -28.5              | -20.2        | -36.8                              | -11.6         |
| <b>Closing accumulated acquisition value</b>                 | <b>263.8</b>       | <b>281.9</b> | <b>560.2</b>                       | <b>542.3</b>  |
| <b>Accumulated depreciation according to plan</b>            |                    |              |                                    |               |
| Opening depreciation   | -55.0              | -53.1        | -353.9                             | -299.6        |
| Sales/disposals  | 8.5                | 8.0          | 30.5                               | 7.5           |
| Depreciation as a share of production costs/goods for resale | -3.0               | -3.0         | -15.9                              | -16.8         |
| Depreciation during the year                                 | -8.0               | -6.9         | -47.6                              | -45.0         |
| <b>Closing accumulated depreciation</b>                      | <b>-57.5</b>       | <b>-55.0</b> | <b>-386.9</b>                      | <b>-353.9</b> |
| <b>Closing book value</b>                                    | <b>206.3</b>       | <b>226.9</b> | <b>173.3</b>                       | <b>188.4</b>  |
| <b>Value of land included in the report above amounts to</b> | <b>24.4</b>        | <b>16.9</b>  |                                    |               |
| <b>Book value, Swedish properties</b>                        | <b>43.9</b>        | <b>49.9</b>  |                                    |               |
| <b>Taxable value for Swedish properties</b>                  |                    |              |                                    |               |
| Buildings  | 33.7               | 52.9         |                                    |               |
| Land   | 6.7                | 9.2          |                                    |               |

**Leasing charges in respect of operational leasing**

The Group has operational leasing agreements for the rental of premises and business systems. The future commitment for these agreements can be seen in the following summary:

|   | 2009     |                 | 2008                              |                 |
|---|----------|-----------------|-----------------------------------|-----------------|
|   | Premises | Business system | Premises                          | Business system |
| 2010  | 74.8     | 14.1            | 2009                              | 111.0           |
| 2011  | 66.5     | 13.3            | 2010                              | 96.4            |
| 2012  | 52.0     | 8.8             | 2011                              | 78.4            |
| 2013  | 41.9     | 5.4             | 2012                              | 48.2            |
| 2014 incl.  | 54.7     | 1.2             | 2013 incl.                        | 106.2           |
| Costs through contract period end                       |          |                 | Costs through contract period end |                 |
| Cost for the year under the operational leasing heading | 77.2     | 13.6            | 109.9                             | 13.2            |

## NOTE 11 FINANCIAL FIXED ASSETS

## Shares in associated companies

| SEK million  | Company registration number           | Registered office | Share of capital .% | Share of votes. % | Number of shares | 2009 Book value | 2008 Book value |             |
|--------------|---------------------------------------|-------------------|---------------------|-------------------|------------------|-----------------|-----------------|-------------|
|              | Dingle Industrilokaler AB             | 556594-6570       | Munkedal            | 49                | 49               | 83 055          | 4.8             | 7.7         |
|              | Glasrikets skatter ekonomisk förening | 769620-1701       | Orrefors            | 8                 | 8                | 100             | 1.0             | -           |
|              | Kosta Köpmanshus AB                   | 556691-7042       | Kosta               | 49                | 49               | 7 350           | 30.9            | 27.9        |
|              | Pensionat Orrefors AB                 | 556697-6790       | Orrefors            | 49                | 49               | 49              | 0.2             | 0           |
|              | Vist Fastighetsbolag AB               | 556741-1672       | Ulricehamn          | 49                | 49               | 49              | 13.9            | 13.5        |
|              | Other                                 |                   |                     | -                 | -                | -               | 0.1             | 0.3         |
| <b>Total</b> |                                       |                   |                     |                   |                  |                 | <b>50.9</b>     | <b>49.4</b> |

## At year end the companies' equity amounted to:

|                                       | 2009 | 2008 |
|---------------------------------------|------|------|
| Dingle Industrilokaler AB             | 15.9 | 15.7 |
| Glasrikets skatter ekonomisk förening | 9.3  | -    |
| Kosta Köpmanshus AB                   | 62.8 | 60.6 |
| Pensionat Orrefors AB                 | -0.3 | -0.1 |
| Vist Fastighetsbolag AB               | 27.5 | 27.5 |

## Long-term receivables

|                             |             |             |
|-----------------------------|-------------|-------------|
| Securitized loan            | 1.1         | 0.6         |
| Deposits                    | 11.2        | 14.8        |
| Other long-term receivables | 2.0         | 1.4         |
| <b>Total</b>                | <b>14.3</b> | <b>16.8</b> |

## Deferred tax receivables and provisions for deferred tax liabilities, Group

## Deferred tax receivables and liabilities in the Group are attributable to:

| SEK million   | 2009         |              | 2008         |              |
|---|--------------|--------------|--------------|--------------|
|   | Assets       | Liabilities  | Assets       | Liabilities  |
| Loss carry-forward  | 64.4         | -            | 33.0         | -            |
| Intra-group profit  | 12.6         | -            | 12.4         | -            |
| Reserves  | 3.4          | -            | 1.1          | -            |
| Depreciation and fixed assets                             | 4.7          | -            | 8.9          | -            |
| Temporary differences in foreign taxation                 | 24.1         | -            | 69.0         | -            |
| Trademarks  | -            | 113.1        | -            | 118.9        |
| Stock   | -            | 15.1         | -            | 21.7         |
| Tax allocation reserve and depreciation in excess of plan | -            | 23.7         | -            | 36.8         |
| Other temporary differences                               | -            | 18.8         | -            | 4.0          |
| <b>Deferred tax receivables/liabilities</b>               | <b>109.2</b> | <b>170.6</b> | <b>124.4</b> | <b>181.4</b> |

## Deduction for loss

At the end of the year, the Group has a total taxable deduction for loss of SEK 264.3 million (SEK 232.3 million) corresponding to deferred tax receivables of SEK 77.1 million (SEK 90.0 million). Of this, SEK 62.9 million (SEK 33.0 million) has been recognised as a benefit since it has been assessed likely that a tax credit will exist in the future, against which these loss differences can be utilised.

## Loss carryforwards fall due as follows:

|              |             |
|--------------|-------------|
| 2010         | 0           |
| 2011         | 0           |
| 2012         | 0           |
| 2013         | 0           |
| 2014         | 0           |
| Unlimited:   | 62.9        |
| <b>Total</b> | <b>62.9</b> |

## Deferred tax liabilities in Sweden originating from tax allocations reserves and accelerated depreciations are due in accordance with below:

|                     |             |
|---------------------|-------------|
| 2010                | 7.0         |
| 2011                | 5.3         |
| 2012                | 5.0         |
| 2013                | 2.3         |
| 2014                | 0           |
| 2015                | 0.3         |
| Unlimited:          | 4.9         |
| <b>Total Sweden</b> | <b>24.8</b> |
| Other foreign       | 2.5         |
| <b>Total</b>        | <b>27.3</b> |

## NOTE 12 PREPAID EXPENSES AND ACCRUED INCOME

| SEK million                                   | 2009        | 2008        |
|---|-------------|-------------|
| Insurance                                     | 4.4         | 7.7         |
| Prepaid rents                                 | 11.4        | 16.5        |
| Prepaid leasing fees                          | 10.0        | 6.6         |
| Trade fair costs                              | 6.4         | 5.5         |
| Allocation of multi-year advertising contract | 1.8         | 2.4         |
| Prepaid goods deliveries                      | 0.3         | 8.2         |
| Periodised royalty income                     | 2.7         | 3.5         |
| Other accrued income                          | 1.3         | 0           |
| Prepaid operational expenses                  | 11.9        | 11.8        |
| Prepaid wage costs                            | 0           | 0.1         |
| Prepaid directory costs                       | 10.2        | 0           |
| Prepaid licensing fees                        | 4.1         | 5.2         |
| Bank costs                                    | 0.1         | 0.5         |
| Other items                                   | 8.8         | 20.1        |
| <b>Total</b>                                  | <b>73.4</b> | <b>88.1</b> |

## NOTE 13 CREDIT LIMIT

Amount granted in relation to loans and bank overdraft facilities amounts to SEK 2,875 million (SEK 3,355 million).

## NOTE 15 FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

New Wave Group is constantly exposed to different kinds of financial risk. These risks are currency, borrowing and interest rate risks as well as liquidity and credit risks. The Group has established a financial policy in order to minimise the effects of the risks on profit, from which it can be shown how the company is working on limiting the effect of the financial risks on recognised profit. The goal is for the central finance function to utilise the Group's economies of scale and provide the subsidiaries with professional service to minimise risks.

## FINANCING RISKS

New Wave Group has a need to secure its financing through its relatively capital intensive operations and expansive growth strategy. It is important for a growth company like New Wave Group to have access to liquidity in order to finance future expansion, and to have a high level of flexibility when opportunities for acquisitions present themselves. New Wave Group has a centralised finance function which means that external loans are managed and administered centrally as far as possible.

At the end of the year, the Group's credit lines, excluding letters of credit and currency hedging limits, amounted to SEK 2,875 million, of which SEK 1,741 million was utilised. The confirmed credit lines are agreed and applicable up until the end of April 2011. The financing is based on an undertaking (covenant) in regard to the equity ratio and the credit line will gradually be reduced to SEK 2,475 million by 30 April 2011.

Based on the current forecast for 2010, the Group is expected to fulfil the above amortisation of the credit line as well as its key figures (covenant).

A healthy balance sheet is also required to achieve growth in the business. New Wave Group has the goal of maintaining an equity ratio above 30%.

| The maturity structure of New Wave's loans | 2009  | 2008  |
|--|-------|-------|
| 2010                                       | -     | -     |
| 2011                                       | 2 475 | 3 355 |

## INTEREST RATE RISK

It is the understanding of New Wave Group that a short-term fixed interest rate leads to lower borrowing costs in the long-term, and that short-term interest rates follow the economic cycle and thereby compensate for fluctuations in Group profits. The interest rate is based on STIBOR and fixed margins. At the end of the year, loans were distributed across different currencies according to the table below. A gradual interest rate increase over the year by one percentage point negatively influences profit by approx. SEK 8.7 million, calculated on the recognised net debt as at 31 December 2009. New Wave Group has no interest-bearing investments. Temporary liquid assets can occur throughout the year as an effect of cash flow.

## NOTE 14 ACCRUED EXPENSES AND PREPAID INCOME

| SEK million                  | 2009         | 2008         |
|------------------------------|--------------|--------------|
| Salaries and payroll tax     | 83.8         | 98.4         |
| Marketing costs              | 17.9         | 15.7         |
| Commission                   | 10.5         | 12.3         |
| Royalties                    | 3.8          | 0            |
| Audit                        | 3.7          | 4.7          |
| Interest                     | 0.8          | 3.6          |
| Delivery of goods            | 23.2         | 20.4         |
| Electricity and rental costs | 3.7          | 3.7          |
| Claims                       | 3.1          | 0            |
| Environmental reserve        | 12.2         | 10.0         |
| Prepaid income               | 2.1          | 0            |
| Restructuring reserves       | 2.8          | 0            |
| Other items                  | 28.9         | 23.5         |
| <b>Total</b>                 | <b>196.5</b> | <b>192.3</b> |

| Currency distribution | Net liabilities, SEK million |
|-----------------------|------------------------------|
| SEK                   | - 993                        |
| EUR                   | -294                         |
| GBP                   | -76                          |
| USD                   | -561                         |
| CHF                   | 268                          |
| DKK                   | -49                          |
| NOK                   | -29                          |
| Other                 | -7                           |

## EXPOSURE TO CURRENCY EXCHANGE

A significant part of New Wave Group's sales takes place in foreign currency (approx. 71%). The consolidated income statement and balance sheet are therefore influenced by changes in the exchange rate. The risks identified are transaction and translation risks. A change in the exchange rate of up to 1% influences sales turnover by SEK 29 million based on the turnover for 2009. This is a short description of the Group's exchange rate risks. Foreign subsidiaries with a different functional currency must also be managed within the framework for currency exposure.

## TRANSACTION EXPOSURE – HEDGE ACCOUNTING

The most important purchasing currency for the Group is the US dollar and its related currencies. Changes in the US dollar, euro and Swedish krona exchange rates make up the single, largest transaction exposure within the Group. Within the Corporate Promo business area, the New Wave Group holds goods in stock and orders from retailers are not placed before they have received a purchase order from the end customer. There are therefore no large stocks for supplying future orders as deliveries are being made continuously. Due to the nature of the product range, continuity in the collections is desirable, and since this mainly deals with basic clothing, the risk of obsolescence is low. There is continuous adjustment for changes in purchasing prices since sales are instant, which means that the currency risk is limited. Approx. 65% of the sales within Sports & Leisure take place in the retail sales channel. A large proportion of these sales take place via pre-orders in contrast to the promo market where deliveries are made directly against orders. This means, for example, that the customers place orders in the spring for autumn deliveries. Approx. 50–75% of all retail sales in Sports & Leisure are conducted in this way. New Wave Group places orders with the factory once it receives orders, which considerably reduces the risk of obsolescence. The rest of the sales within the retail sales channel, known as supplementary sales, are mainly basic goods with a limited fashion risk. Approx. 50–80% of the currency-exposed purchases within Sports & Leisure are hedged in order to limit the currency risk. Derivatives are purchased at the time of order, to ensure the delivery value to stocks. In this case, hedge accounting is applied in accordance with IAS 39,

which means that value changes in the derivative are recognised under other comprehensive income. In the Gifts & Home Furnishings business area, the majority of production takes place in Sweden. In the event that purchases are made from another country, 50–80% of the currency-exposed purchases are hedged. The market value for outstanding future contracts agrees with the cost.

#### Fair value of financial instruments

The fair value of interest-bearing assets and liabilities may be different to their recognised values due to a change in market interest rates, among other reasons. The fair value of these assets has been established through discounting future payment flows to the current interest rate and exchange rate for equivalent instruments. For financial instruments such as accounts receivable, accounts payable and other non-interest-bearing financial assets and liabilities, which are recognised at accrued cost less deductions for any impairment, the fair value is deemed to be the same as the recognised value. The Group's long-term borrowing primarily relates to long-term credit facilities but with short-term fixed interest rate periods. The currency derivative's recognised value agrees with the cost.

#### Outstanding transaction hedges and value as at 31/12/2009

| Currency | Hedged volume<br>Profit SEK million | Unrealised<br>SEK million | Number of hedged<br>months |
|----------|-------------------------------------|---------------------------|----------------------------|
| USD      | 16.6                                | -1.4                      | < 6                        |
| USD      | 37.5                                | 1.4                       | 6 > 12                     |
| SEK      | - 54.1                              |                           |                            |
|          |                                     | <b>0,0</b>                |                            |

The above hedged volume is made up exclusively of currency forward contracts and all mature within 12 months of the start of the year. The Group income for 2009 is positively influenced by the consolidation into Swedish krona by SEK 270 million.

| Range            | Currency<br>influence 2009 | Currency<br>influence 2008 |
|------------------|----------------------------|----------------------------|
| Nordic countries | 33.8                       | 14.3                       |
| Mid-Europe       | 64.8                       | 30.4                       |
| Southern Europe  | 21.4                       | 10.3                       |
| North America    | 111.9                      | 17.7                       |
| Other countries  | 38.9                       | 2.3                        |
| <b>Total</b>     | <b>270.8</b>               | <b>75.0</b>                |

#### CURRENCY EXPOSURE

The balance sheet is influenced since receivables and liabilities are continuously recognised in foreign currency. The majority of the risk is eliminated, either through financing in the relevant company's functional currency, or through hedging.

#### EQUITY EXPOSURE

New Wave Group does not apply any hedge accounting to equity in currencies other than the consolidation currency, SEK.

#### TRANSLATION EXPOSURE

Consolidated profit is also influenced by so-called translation differences. These occur when the foreign subsidiaries' profit is consolidated, and amounted to SEK 92 million for 2009.

#### CREDIT RISKS

The risk that the Group's customers do not fulfil their commitments, in other words, New Wave Group does not get paid for its accounts receivable, constitutes a credit risk. New Wave Group issues directives centrally, and each company prepares written procedures for credit checks based on these. Information for external credit reporting agencies is one stage of the process. The credit risk in the Corporate Promo business area is lower since retailers, which are New Wave Group's customers, purchase based on orders placed by the end customer. The retailers are relatively small, and there are many of them. New Wave Group has over 2,000 customers in Sweden alone, and there is no significant credit risk for any individual customer or customer group. At the end of the year, New Wave Group insured its accounts receivable in the Spanish and Italian companies. This type of insurance means that if a customer payment is not made, the insurance company will cover the receivable. In 2009 confirmed bad debts in the Corporate Promo business area totalled 0.38 % of sales. In the Gifts & Home Furnishings and Sports & Leisure business areas, sales are made to selected retailers and credit losses are low, although there is a higher concentration of sales to a lower number of customers compared to the promo market. Confirmed bad debts within these two business areas in 2009 totalled 0.35% of sales.

| Customer financing   | 2009         | 2008         |
|----------------------|--------------|--------------|
| Exposure             | 793.3        | 878.1        |
| Credit risk reserves | 58.0         | 42.3         |
| <b>Book value</b>    | <b>735.3</b> | <b>835.8</b> |

A description of exposure to credit risk is shown in the table below:

#### Concentration of credit risk

| As of December 31, 2009 | Number<br>customers | Percentage of<br>total customers | Percentage of<br>portfolio |
|-------------------------|---------------------|----------------------------------|----------------------------|
| Exposure < 1 MSEK       | 22 278              | 92.1                             | 64.7                       |
| Exposure 1 - 5 MSEK     | 549                 | 2.3                              | 12.8                       |
| Exposure > 5 MSEK       | 1 369               | 5.6                              | 22.5                       |
| <b>Total</b>            | <b>24 196</b>       | <b>100.0</b>                     | <b>100.0</b>               |

Provision for uncertain receivables has been changed as follows :

| Provision for uncertain receivables | 2009        | 2008        |
|-------------------------------------|-------------|-------------|
| Provision at beginning of year      | 42.3        | 15.6        |
| Reserve for anticipated losses      | 28.8        | 41.2        |
| Confirmed losses                    | -13.1       | -14.5       |
| <b>Provision at year-end</b>        | <b>58.0</b> | <b>42.3</b> |

Apart from the reserves for anticipated risk of loss in accounts receivable, there are no write-downs of financial instruments.

#### Age analysis

| Matured and impaired | 2009         | 2008         |
|----------------------|--------------|--------------|
| < 30 days            | 435.3        | 695.8        |
| 30 - 90 days         | 193.0        | 65.0         |
| > 90 days            | 107.0        | 75.0         |
| <b>Total</b>         | <b>735.3</b> | <b>835.8</b> |

#### FINANCIAL CREDIT RISKS

The liquidity created within the Group is continually conducted through different pooling systems to New Wave Group's treasury centre and reduces the credit volume. New Wave Group has not made any financial investments. Temporary liquid assets can occur throughout the year as an effect of cash flows.

#### OTHER RISKS

##### Purchase market

New Wave Group's purchases mainly take place in Asia with approx. 35% in China, approx. 11% in Bangladesh and 8% in India as well as 4% in Thailand. Political and socio-economic changes can affect New Wave Group. New Wave Group limits the economic risks associated with purchasing solely within one country by having a good emergency plan in place and purchasing from several different countries both in Europe and Asia.

##### Strong growth

The continued expansion planned by New Wave Group places high demands on the management and employees. Poor recruitment, organisational problems, key persons leaving, etc. may delay and influence the development. Profit must develop at the same rate as the expansion for it to be successful, which could mean uneven growth. New Wave Group invests resources in areas including internal management training, mentorships and annual management meetings to guarantee future leadership and spread New Wave Group's values.

##### Fashion trends – financial situation

New Wave Group invests considerable resources in good design and quality. Since the fashion industry is subject to quick changes, the company cannot avoid temporary reductions in sales levels for certain collections. New Wave Group has, however, limited the risk, since the degree of fashionability is lower for the Corporate Promo business area and the Sports & Leisure business area focuses more on less fashion sensitive areas such as Craft's functional underwear and Seger's socks. New Wave Group's goal is to concentrate 60–80% of sales turnover within the Corporate Promo sales channel.

New foreign launches are only carried out once previous foreign launches have shown satisfactory results. The Board considers this strategy to be a good balance between optimum growth and a reduced risk. New Wave Group believes it is extremely difficult to make exact assessments of schedules and budgets for new foreign launches, which can involve a risk of initial losses. However, the Board also believes that the company is well equipped for the launches that are planned.



**NOTE 16 NET ASSETS IN FOREIGN CURRENCIES**

SEK million

The Group's net assets in foreign currencies are not normally hedged.

| Net assets                                    | 2009           | 2008           |
|---|----------------|----------------|
| Euro, EUR                                     | 438.2          | 400.1          |
| Swiss franc, CHF                              | 411.3          | 419.8          |
| US dollar, USD                                | 433.7          | 545.5          |
| Norwegian krone, NOK                          | 31.6           | 39.4           |
| Danish krone, DKK                             | -35.4          | -5.4           |
| Chinese yuan, CNY                             | 24.7           | 18.5           |
| Polish zloty, PLN                             | 11.8           | 9.7            |
| Hong Kong dollar, HKD                         | 5.6            | 10.0           |
| British pound, GBP                            | -9.4           | -11.5          |
| Russian rubel, RUB                            | 0              | -5.0           |
| <b>Total net assets in foreign currencies</b> | <b>1 312.1</b> | <b>1 421.1</b> |

**NOTE 17 CURRENCY EXPOSURE IN OPERATING PROFIT**

SEK million

The table shows currency exposed operating income and operating costs per currency.

| Operating profit/loss                                    | 2009         | 2008         |
|--|--------------|--------------|
| Euro, EUR  | 76.9         | 136.2        |
| Swiss franc, CHF   | 108.9        | 134.9        |
| US dollar, USD   | 4.9          | 23.6         |
| Norwegian krone, NOK                                     | 34.0         | 51.9         |
| Danish krone, DKK  | 2.5          | 9.4          |
| Chinese yuan, CNY  | -14.5        | -7.8         |
| Polish zloty, PLN  | 3.9          | 9.7          |
| Hong Kong dollar, HKD                                    | 3.0          | 6.2          |
| British pound, GBP                                       | -1.1         | -9.5         |
| Russian rubel, RUB                                       | -5.4         | -2.2         |
| <b>Total operating profit/loss in foreign currencies</b> | <b>213.1</b> | <b>352.4</b> |

**NOTE 18 PLEDGED ASSETS AND MATURED LIABILITIES**

SEK million

| Liability                          | Debt as at<br>Dec. 31, 2009 | Due for payment |                             |                | Debt as at<br>Dec. 31, 2008 |
|------------------------------------|-----------------------------|-----------------|-----------------------------|----------------|-----------------------------|
|                                    |                             | Within one year | Within one to<br>five years | Pledged assets |                             |
| Liabilities to credit institutions | 1 821.2                     | 25.0            | 1 796.2                     | see below      | 2 767.5                     |

**Pledged assets in relation to debts to credit institutions and overdraft facilities**

|                                | 2009           | 2008           |
|--------------------------------|----------------|----------------|
| Floating charges               | 192.3          | 662.0          |
| Property mortgages             | 41.8           | 51.1           |
| Net assets in subsidiaries     | 2 991.7        | 3 006.4        |
| Stocks and accounts receivable | 89.1           | 132.3          |
| <b>Total</b>                   | <b>3 314.9</b> | <b>3 851.8</b> |

**Other information concerning pledged assets**

Trademarks have been specifically pledged to the bank. The amounts are included in the net assets in subsidiaries recognised above. The commitment of the Group's main bank is based on agreed covenant conditions. See also the section on financial risk in Note 15.

**NOTE 19 CONTINGENT LIABILITIES**

The Swedish Tax Agency has carried out an audit of New Wave Group AB. The audit was mainly directed at internal Group transactions. The Swedish Tax Agency has decided to additionally tax New Wave Group AB by SEK 0.4 million for the income year 2005, by SEK 55.9 million for 2006 and by SEK 63.7 million for 2007. Of the amounts listed above, a total of SEK 118.7 million relates to royalties for brands used by the Group's subsidiaries and which the Swedish Tax Agency believes that New Wave Group AB should receive. Assessment for arrears led to further taxation totalling SEK 33.8 million including tax surcharges (SEK 0.2 million for the income year 2005, SEK 15.8 million for 2006 and SEK 17.8 million for 2007). Of the additional tax of SEK 33.8 million above, SEK 33.2 million is attributable to the part relating to royalties.

New Wave Group AB is contesting the judgement and has appealed against the Swedish Tax Agency's decision. New Wave Group AB follows the applicable tax laws and regulations and estimates that the royalties in question have been managed fully in accordance with tax legislation.

SEK million

|                                     | 2009       | 2008       |
|-------------------------------------|------------|------------|
| Guarantees for associated companies | 8.3        | 8.3        |
| <b>Total</b>                        | <b>8.3</b> | <b>8.3</b> |

## NOTE 20 NET LIABILITIES

| SEK million  | 2009           | 2008           |
|--|----------------|----------------|
| Liquid assets  | -80.4          | -191.2         |
| Long-term interest-bearing liabilities                   | 1 796.2        | 2 716.5        |
| Short-term interest-bearing liabilities                  | 25.0           | 51.0           |
| <b>Total</b>   | <b>1 740.8</b> | <b>2 576.3</b> |
| Effective interest rate based on recognised net interest | 2.1            | 5.1            |

## NOTE 21 STOCK

| SEK million               | 2009           | 2008           |
|---------------------------|----------------|----------------|
| Raw materials             | 65.4           | 80.3           |
| Work in progress          | 31.0           | 40.1           |
| Goods in transit          | 55.1           | 79.1           |
| Goods for resale in stock | 1 473.3        | 2 000.8        |
| <b>Total</b>              | <b>1 624.8</b> | <b>2 200.3</b> |

Stocks consist of clothes, gift items and accessories for resale. The stocks are valued by applying the FIFO principle, at the lowest of the cost and net sales value on the balance sheet date. Deductions are made for internal profit made from deliveries between Group companies. There is a low risk that the net sales value is lower than the cost in the Corporate Promo business area since much of the product range consists of timeless basic products which are in demand season after season. For sales within the Sports & Leisure business area, orders to the factory are placed once the purchase order has been received from the customer, which considerably reduces the risk that the net sales value is lower than the cost. Remaining sales are largely made up of basic items with a limited fashion risk. Within the Gifts & Home Furnishings business area, most of the volume consists of classic, best-selling products that in many cases have a product cycle of more than 20 years, which limits the risk that the net sales value is lower than the cost. Efforts to reduce capital tied up in stock have also led to many discontinued articles being sold, which means that the amount of obsolescence has decreased by SEK 35 million. Last year the provision for obsolescence increased with SEK 24 million. As at December 31 2009, the Group's reserves for obsolescence amounted to SEK 74.0 million (SEK 109.0 million), which constitutes 5% of the goods for resale in stock.

## NOTE 22 FINANCIAL INCOME AND COSTS

| SEK million                              | 2009         | 2008          |
|--|--------------|---------------|
| Interest income                          | 1.4          | 3.6           |
| Interest on overdue accounts receivable  | 3.7          | 6.0           |
| Exchange gains on short-term receivables | 1.1          | 2.8           |
| Interest expense                         | -48.2        | -145.2        |
| Interest on overdue accounts payable     | -0.4         | -0.7          |
| Exchange losses on liabilities           | -3.8         | -2.5          |
| <b>Total</b>                             | <b>-46.2</b> | <b>-136.0</b> |

## NOTE 23 RELATED PARTIES

| SEK million                           | Sales to |      | Purchases from |      | Receivables |      | Liabilities |      |
|---------------------------------------|----------|------|----------------|------|-------------|------|-------------|------|
|                                       | 2009     | 2008 | 2009           | 2008 | 2009        | 2008 | 2009        | 2008 |
| <b>Associated companies</b>           |          |      |                |      |             |      |             |      |
| Glasrikets skatter ekonomisk förening | 12.5     | -    | -              | -    | -           | -    | 0.5         | -    |
| Dingle Industrilokaler AB             | -        | -    | 2.1            | 3.3  | -           | -    | 0.2         | 0.2  |
| Kosta Köpmanshus AB                   | 5.2      | 17.5 | 7.0            | 7.4  | 13.2        | 0.6  | 0.0         | 1.9  |
| Vist Fastighets AB                    | 0.1      | 0.6  | 3.3            | 2.9  | 0.6         | 13.5 | 0.2         | 0.6  |
| Pensionat Orrefors AB                 | -        | -    | -              | -    | -           | -    | 0.1         | -    |

Reporting of associated companies is done under Note 11 Financial fixed assets. Information is also submitted in the presentation of the Board and Management and under Note 6 Salaries, other remuneration and social costs. Reporting of dividends from, and capital injections to, associated companies is covered in Note 11. All transactions are carried out under market conditions.

**Transactions with key figures in management positions**

There are lease agreements with related companies. The parent company has purchased consultancy services from a member of the Board. The CEO has rented premises for private use during the year. All transactions have been carried out under market conditions. The Group has purchased consultancy services from a member of the Board and related parties.

# Income statement – Parent Company

January 1 – December 31

| SEK million  | Note      | 2009         | 2008         |
|--|-----------|--------------|--------------|
| Net sales  | 19        | 139.0        | 133.0        |
| Other income   | 2         | 17.7         | 16.8         |
| <b>Operating costs</b>                               |           |              |              |
| External costs                                       |           | -109.0       | -101.2       |
| Personnel costs                                      | 4         | -25.3        | -26.7        |
| Depreciation of tangible and intangible fixed assets |           | -4.1         | -2.7         |
| Other costs  |           | -17.1        | -11.1        |
| <b>Operating profit</b>                              |           | <b>1.2</b>   | <b>8.1</b>   |
|  |           |              |              |
| Net income from shares in Group companies            |           | 177.1        | 302.7        |
| Financial income                                     |           | 84.1         | 150.5        |
| Financial expenses                                   |           | -53.4        | -186.7       |
| <b>Net financial items</b>                           | <b>18</b> | <b>207.8</b> | <b>266.5</b> |
| <b>Profit before income tax</b>                      |           |              |              |
|  |           | <b>209.0</b> | <b>274.6</b> |
|  |           |              |              |
| Appropriations                                       | 5         | -0.2         | 24.0         |
|  |           |              |              |
| Tax on net profit for the year                       | 6         | -10.3        | -0.1         |
| <b>Profit for the year</b>                           |           | <b>198.5</b> | <b>298.5</b> |

# Cash flow analysis – Parent Company

January 1 – December 31

| SEK million  | 2009          | 2008          |
|--|---------------|---------------|
| <b>Operating activities</b>  |               |               |
| Operating profit before financial items                                    | 1.2           | 8.1           |
| Adjustment for items not included in cash flow                             | 20.6          | 1.3           |
| Dividend received  | 194.9         | 266.5         |
| Interest received  | 84.1          | 150.5         |
| Interest paid  | -53.4         | -186.7        |
| Income tax paid  | 9.2           | -37.3         |
| <b>Cash flow from current operations before changes in working capital</b> | <b>256.6</b>  | <b>202.4</b>  |
| <b>Cash flow from changes in working capital</b>                           |               |               |
| Increase/decrease in current receivables                                   | 330.8         | -164.4        |
| Decrease/increase in current liabilities                                   | -19.5         | 30.4          |
| <b>Cash flow from operations</b>   | <b>567.9</b>  | <b>68.4</b>   |
| <b>Investing activities</b>  |               |               |
| Capital contribution to subsidiaries                                       | -10.4         | -48.6         |
| Intragroup company acquisitions  | -87.0         | 0.0           |
| Intragroup sales of companies  | 115.1         | 725.4         |
| Acquisition of tangible fixed assets                                       | -0.1          | -0.7          |
| Acquisition of intangible fixed assets                                     | 0.0           | 1.7           |
| Acquisition of subsidiaries  | 0.0           | 0.6           |
| Change in financial assets   | 311.5         | -802.8        |
| <b>Cash flow from investing activities</b>                                 | <b>329.1</b>  | <b>-124.4</b> |
| <b>Cash flow after investing activities</b>                                | <b>897.0</b>  | <b>-56.0</b>  |
| <b>Financing activities</b>  |               |               |
| Loans raised   | 0.0           | 120.1         |
| Amortized loans  | -849.1        | 0.0           |
| Dividend paid to shareholders of the parent company                        | -11.9         | -66.3         |
| Received/paid Group contribution   | -36.0         | 2.2           |
| <b>Cash flow from financing activities</b>                                 | <b>-897.0</b> | <b>56.0</b>   |
| <b>Cash flow for the year</b>  | <b>0.0</b>    | <b>0.0</b>    |
| Liquid assets at beginning of year   | 0.0           | 0.0           |
| <b>Liquid assets at year end</b>   | <b>0.0</b>    | <b>0.0</b>    |



# Balance sheet – Parent Company

As at December 31

| SEK million   | Note      | 2009           | 2008           |
|---|-----------|----------------|----------------|
| <b>ASSETS</b>   |           |                |                |
| <b>Fixed assets</b>   |           |                |                |
| Intangible fixed assets   | 7         | 0.6            | 2.4            |
| Tangible fixed assets   | 8         | 0.8            | 1.3            |
| <i>Financial fixed assets</i>   |           |                |                |
| Shares in Group companies   | 9         | 1 449.6        | 1 485.2        |
| Shares in associated companies  | 10        | 52.3           | 51.2           |
| Receivables from Group companies  |           | 659.9          | 1 593.7        |
| Other long-term receivables   |           | 0.5            | 0.0            |
| <i>Total financial fixed assets</i>                                     |           | 2 162.3        | 3 130.1        |
| <b>Total fixed assets</b>   |           | <b>2 163.7</b> | <b>3 133.8</b> |
| <b>Current assets</b>   |           |                |                |
| <i>Current receivables</i>  |           |                |                |
| Accounts receivable   |           | 0.4            | 0.6            |
| Receivables from Group companies  |           | 1 282.1        | 1 033.5        |
| Tax receivables   |           | 26.1           | 36.0           |
| Other receivables   |           | 15.0           | 3.0            |
| Prepaid expenses and accrued income                                     | 11        | 17.3           | 6.0            |
| <i>Total current receivables</i>  |           | 1 340.9        | 1 079.1        |
| Cash at bank and in hand  |           | 0.0            | 0.0            |
| <b>Total current assets</b>   |           | <b>1 340.9</b> | <b>1 079.1</b> |
| <b>TOTAL ASSETS</b>   |           | <b>3 504.6</b> | <b>4 212.9</b> |
| <b>EQUITY AND LIABILITIES</b>   |           |                |                |
| <b>Equity</b>   |           |                |                |
| <i>Restricted equity</i>  |           |                |                |
| Share capital   | 13        | 199.1          | 199.1          |
| Reserves  |           | 249.4          | 249.4          |
|   |           | <b>448.5</b>   | <b>448.5</b>   |
| <i>Unrestricted equity</i>  |           |                |                |
| Retained profits  |           | 510.7          | 250.6          |
| Share premium reserve   |           | 48.0           | 48.0           |
| Profit for the year   |           | 198.5          | 298.5          |
|   |           | <b>757.2</b>   | <b>597.1</b>   |
| <b>Total equity</b>   |           | <b>1 205.7</b> | <b>1 045.6</b> |
| <b>Untaxed reserves</b>   | <b>12</b> | <b>33.6</b>    | <b>33.4</b>    |
| <b>Long-term liabilities</b>  |           |                |                |
| Overdraft facilities  | 14        | 1 686.9        | 2 536.0        |
| <b>Total long-term liabilities</b>                                      |           | <b>1 686.9</b> | <b>2 536.0</b> |
| <b>Current liabilities</b>  |           |                |                |
| Accounts payable  |           | 37.3           | 15.7           |
| Liabilities to Group companies  |           | 534.3          | 573.2          |
| Tax liabilities   |           | 0.0            | 0.0            |
| Other liabilities   |           | 0.7            | 0.0            |
| Accrued expenses and prepaid income                                     | 15        | 6.1            | 9.0            |
| <b>Total current liabilities</b>  |           | <b>578.4</b>   | <b>597.9</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                     |           | <b>3 504.6</b> | <b>4 212.9</b> |
| <b>Pledged assets and contingent liabilities for the parent company</b> |           |                |                |
| Memorandum items  | 16        | 1 488.5        | 2 154.4        |
| Contingent liabilities  | 17        | 299.9          | 338.5          |

## Changes in equity for the Parent Company

| SEK million  | Share capital | Reserves     | Retained profits | Share premium reserve | Profit for the year | Total equity   |
|--|---------------|--------------|------------------|-----------------------|---------------------|----------------|
| <b>Opening balance 01/01/2008</b>  | <b>199.1</b>  | <b>249.4</b> | <b>228.4</b>     | <b>48.0</b>           | <b>86.9</b>         | <b>811.8</b>   |
| <b>Transfer according to general meeting</b>                               |               |              | <b>86.9</b>      |                       | <b>-86.9</b>        | <b>0</b>       |
| Group contributions  | -             | -            | 1.6              | -                     | -                   | 1.6            |
| Profit for the year  | -             | -            | -                | -                     | 298.5               | 298.5          |
| <b>Total change in net assets excluding transactions with shareholders</b> | <b>0</b>      | <b>0</b>     | <b>1.6</b>       | <b>0</b>              | <b>298.5</b>        | <b>300.1</b>   |
| Dividends  | -             | -            | -66.3            | -                     | -                   | -66.3          |
| <b>Balance at year-end 31/12/2008</b>                                      | <b>199.1</b>  | <b>249.4</b> | <b>250.6</b>     | <b>48.0</b>           | <b>298.5</b>        | <b>1 045.6</b> |

Group contribution of SEK 1.6 million concerns received contribution of SEK 2.2 million with a calculated negative tax effect of SEK 0.6 million attributable to the Group contribution.

| SEK million  | Share capital | Reserves     | Retained profits | Share premium reserve | Profit for the year | Total equity   |
|--|---------------|--------------|------------------|-----------------------|---------------------|----------------|
| <b>Opening balance 01/01/2009</b>  | <b>199.1</b>  | <b>249.4</b> | <b>250.6</b>     | <b>48.0</b>           | <b>298.5</b>        | <b>1 045.6</b> |
| <b>Transfer according to general meeting</b>                               |               |              | <b>298.5</b>     |                       | <b>-298.5</b>       | <b>0</b>       |
| Group contributions  | -             | -            | -26.5            | -                     | -                   | -26.5          |
| Profit for the year  | -             | -            | -                | -                     | 198.5               | 198.5          |
| <b>Total change in net assets excluding transactions with shareholders</b> |               | <b>0</b>     | <b>-26.5</b>     | <b>0</b>              | <b>198.5</b>        | <b>172.0</b>   |
| Dividends  | -             | -            | -11.9            | -                     | -                   | -11.9          |
| <b>Balance at year-end 31/12/2009</b>                                      | <b>199.1</b>  | <b>249.4</b> | <b>510.7</b>     | <b>48.0</b>           | <b>198.5</b>        | <b>1 205.7</b> |

Group contribution of SEK -26.5 million concerns received contribution of SEK 36.0 million with a calculated tax effect of SEK 9.5 million attributable to the Group contribution.

**NOTE 1 ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY**

The Swedish Financial Reporting Board's Recommendation 2.2 – Accounting for Legal Entities and the Swedish Annual Accounts Act have been applied when preparing the parent company's annual accounts. In accordance with this recommendation, the parent company shall prepare its reports in accordance with the IASB's International Financial reporting standards (IFRS) and interpretations (IFRIC) adopted by the EU, to the extent that these are not contrary to the Swedish Annual Accounts Act. The accountancy principles have been applied consistently for all periods, unless otherwise stated.

In Sweden, group contributions are deductible, unlike the shareholder contribution. Group contributions are reported so that they mainly reflect the transaction's financial consequence. Group contributions, which have the

same aim as the shareholder contribution, are activated as an investment in subsidiaries in the balance sheet with a reservation for impairment testing. Group contributions which have been received in order to minimise the Group's total tax obligation are reported directly under net equity after tax. Group contributions received which are comparable with a dividend are reported as a dividend. This means that Group contributions received and their associated tax effect are reported via the income statement.

The deferred tax liability on untaxed reserves is reported under untaxed reserves in the parent company's annual accounts due to the connection between accounting and taxation.

**NOTE 2 OTHER INCOME**

| SEK million            | 2009 | 2008 |
|------------------------|------|------|
| Foreign exchange gains | 17.7 | 16.8 |

**NOTE 3 AVERAGE NUMBER OF EMPLOYEES**

|               | Number of employees | Of which men | Number of employees | Of which men |
|---------------|---------------------|--------------|---------------------|--------------|
| Hisings Kärna | 41                  | 24           | 42                  | 26           |
| <b>Total</b>  | <b>41</b>           | <b>24</b>    | <b>42</b>           | <b>26</b>    |

**Absence due to illness**

The total absence due to illness for the period January 1 to December 31 amounted to 2.0% (1.3) in the parent company, of which women accounted for 2.0% (2.2) and men 2.0% (0.6).

**NOTE 4 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY COSTS**

| SEK million | 2009<br>Salaries and other remuneration | Social security costs | Of which pension costs | 2008<br>Salaries and other remuneration | Social security costs | Of which pension costs |
|-------------|---|-----------------------|------------------------|---|-----------------------|------------------------|
|             | 15.4                                    | 7.0                   | 1.6                    | 18.0                                    | 7.2                   | 1.3                    |

Of the parent company's pension costs SEK 0.2 million (SEK 0.2 million) concerns the corporate board and the CEO.

**Salaries and other remuneration divided between board members etc. and employees**

| SEK million | 2009<br>Board and CEO | Of which bonus and similar | Other employees | 2008<br>Board and CEO | Of which bonus and similar | Other employees |
|-------------|-----------------------|----------------------------|-----------------|-----------------------|----------------------------|-----------------|
|             | 2.3                   | 0                          | 13.1            | 2.5                   | 0                          | 15.5            |

| Board members' fees                            | 2009 | 2008 |
|--|------|------|
| External members of the parent company's Board | 0,7  | 0,5  |
| Of which to the Chairman of the Board          | 0,2  | 0    |
| Outgoing Chairman of the Board                 | 0,3  | 0,9  |

The remuneration committee for the parent company's board has not been elected yet. The fees paid to the Chairman of the Board and the Board of Directors are in accordance with the decision of the Annual General Meeting.

**Terms of employment for the CEO**

Remuneration to the CEO comprises a fixed salary from New Wave Group AB. No board member's fees or other remuneration such as bonuses are paid to the CEO. As pension insurance for the CEO, a market-adjusted fixed payment plan is in place. A mutual notice period of six months applies for the CEO.

**The conditions of employment for other senior executives**

Other senior executives refers to the three people who make up the Group management together with the CEO. For the structure of the Group management, see the penultimate page of this report. Remuneration to the other senior executives comprises a fixed salary. No board members fees are paid. Market-adjusted fixed payment pension agreements exist for the other senior executives. A mutual notice period of between three to six months exists for the other senior executives and no severance pay is awarded.

**Decision-making process**

There is no specially appointed remuneration committee to deal with wages, pension benefits, incentives and other employment-related conditions for the CEO and the Group's other senior executives; these matters are dealt with by the Board as a whole. The salaries of the senior executives are decided by the CEO after consultation with the Chairman of the Board. The board members' fees are decided by the Annual General Meeting.

| SEK million   | 2009                            |                            |                        | 2008                            |                            |                        |
|---|---------------------------------|----------------------------|------------------------|---------------------------------|----------------------------|------------------------|
|   | Salaries and other remuneration | Of which bonus and similar | Of which pension costs | Salaries and other remuneration | Of which bonus and similar | Of which pension costs |
| Göran Härstedt, director/outgoing CEO               | 1.4                             | 0                          | 0                      | 1.5                             | 0                          | 0                      |
| Torsten Jansson, CEO/outgoing Chairman of the Board | 0.9                             | 0                          | 0.2                    | 0.9                             | 0                          | 0.2                    |
| Anders Dahlvig, Chairman of the Board               | 0.2                             | 0                          | 0                      | 0                               | 0                          | 0                      |
| Mats Årjes, Board Member                            | 0.1                             | 0                          | 0                      | 0.1                             | 0                          | 0                      |
| Christina Bellander, Board Member                   | 0.1                             | 0                          | 0                      | 0                               | 0                          | 0                      |
| Helle Kruse Nielsen, Board Member                   | 0.1                             | 0                          | 0                      | 0                               | 0                          | 0                      |
| Maria Andark, outgoing Board Member                 | 0.1                             | 0                          | 0                      | 0.1                             | 0                          | 0                      |
| Hans Johansson, outgoing Board Member               | 0.1                             | 0                          | 0                      | 0.1                             | 0                          | 0                      |
| Peter Nilsson, outgoing Board Member                | 0.1                             | 0                          | 0                      | 0.1                             | 0                          | 0                      |
| Other senior executives*                            | 2.9                             | 0                          | 0.2                    | 11.5                            | 4.4                        | 0.3                    |
| <b>Total</b>  | <b>6.0</b>                      | <b>0</b>                   | <b>0.4</b>             | <b>14.3</b>                     | <b>4.4</b>                 | <b>0.5</b>             |

\*Individuals referred to on page 79.

| Subscriptions options   | 2009                             |                         |                         |                         | 2008                             |                         |                         |  |
|-------------------------|----------------------------------|-------------------------|-------------------------|-------------------------|----------------------------------|-------------------------|-------------------------|--|
|                         | Quantity with exercise date 2010 | with exercise date 2011 | with exercise date 2012 | with exercise date 2013 | Quantity with exercise date 2010 | with exercise date 2011 | with exercise date 2013 |  |
| Chairman of the Board   | 0                                | 0                       | 75 000                  | 0                       | 125 000                          | 55 000                  | 0                       |  |
| Other Board Members     | 100 000                          | 55 000                  | 0                       | 50 000                  | 0                                | 0                       | 200 000                 |  |
| Managing Director       | 100 000                          | 55 000                  | 25 000                  | 0                       | 100 000                          | 55 000                  | 0                       |  |
| Other senior executives | 60 000                           | 100 000                 | 84 000                  | 0                       | 230 000                          | 250 000                 | 0                       |  |
| <b>Total</b>            | <b>260 000</b>                   | <b>210 000</b>          | <b>184 000</b>          | <b>50 000</b>           | <b>455 000</b>                   | <b>360 000</b>          | <b>200 000</b>          |  |

#### Option programme to be exercised on June 30, 2010:

The programme, which runs from June 2007 until June 30, 2010, comprises 1,653,250 share options that can be exercised at a price of up to SEK 102.50. 2,000,000 options were originally issued, of which 346,750 have been cancelled. The options were acquired at market price, which was SEK 7.00 each.

#### Option programme to be exercised on June 30, 2011:

The programme, which runs from July 2008 until June 30, 2011, comprises 1,800,000 share options that can be exercised at a price of up to SEK 64.05. The options were acquired at market price, which was SEK 1.11 each.

#### Option programme to be exercised on June 30, 2012:

The programme, which runs from July 2009 until June 30, 2012, comprises 1,000,000 share options that can be exercised at a price of up to SEK 26.10. The options were acquired at market price, which was SEK 0.21 each.

#### Option programme to be exercised on June 30, 2013:

The programme, which runs from July 2008 until June 30, 2013, comprises 200,000 share options that can be exercised at a price of up to SEK 85.40. The options were acquired at market price, which was SEK 0.88 each.

The share's closing price on December 31 was SEK 27.50.

As at December 31, 2009, only the option programme to be exercised in 2012 is classified as "in the money".

#### Pension commitments

Pension commitments Fixed benefit pensions exist within the Group. These are only for smaller pension plans. As the Swedish manager Alecta cannot recognise a basis that allows calculation of fixed benefit pension liabilities, this pension plan has instead been recognised as a fixed payment plan. Recognition has therefore not been carried out in the balance sheet. Alecta's collective funding ratio at the end of the year was 141 per cent (112). The collective funding level is the difference between the company's assets and insurance commitments, calculated in accordance with Alecta's calculation assumptions for insurance purposes, which do not comply with IAS 19.

#### Remuneration to auditors and auditing company

| SEK million             | 2009       | 2008       |
|-------------------------|------------|------------|
| <i>Auditing expense</i> |            |            |
| Ernst & Young           | 1.4        | 1.0        |
| <i>Consultancy fee</i>  |            |            |
| Ernst & Young           | 0.3        | 0.1        |
| <b>Total</b>            | <b>1.7</b> | <b>1.1</b> |



## NOTE 5 APPROPRIATIONS

| SEK million   | 2009        | 2008        |
|---|-------------|-------------|
| Difference between reported depreciation and depreciation according to plan | 0.8         | 1.4         |
| Tax allocation reserve  | -1.0        | 22.6        |
| <b>Total</b>  | <b>-0.2</b> | <b>24.0</b> |

## NOTE 6 TAX ON PROFIT FOR THE YEAR

| SEK million  | 2009         | 2008        |
|--|--------------|-------------|
| Current tax  | -0.8         | 0.0         |
| Tax attributable to previous years                   | 0.0          | -0.7        |
| Tax attributable to received/paid Group contribution | -9.5         | 0.6         |
| <b>Total</b>   | <b>-10.3</b> | <b>-0.1</b> |

Explanation of the difference between the nominal Swedish tax rate and effective tax rate according to the income statement:

| Per cent                                      | 2009       | 2008       |
|---|------------|------------|
| Swedish income tax rate                       | 26.3       | 28.0       |
| Non-taxable dividends from subsidiaries       | -24.5      | -28.0      |
| Non-deductible expenses                       | 3.1        | 0          |
| <b>Tax rate according to income statement</b> | <b>4.9</b> | <b>0.0</b> |

## NOTE 7 INTANGIBLE FIXED ASSETS

| SEK million                                       | Trademarks  |             | Computer software |             |
|---|-------------|-------------|-------------------|-------------|
|   | 2009        | 2008        | 2009              | 2008        |
| <b>Accumulated acquisition values</b>             |             |             |                   |             |
| Opening acquisition value                         | 6.9         | 8.1         | 8.7               | 8.7         |
| Acquisitions                                      | 0.0         | 0.0         | 0.0               | 0.0         |
| Sales/disposals                                   | 0.0         | -1.2        | 0.0               | 0.0         |
| <b>Closing accumulated acquisition value</b>      | <b>6.9</b>  | <b>6.9</b>  | <b>8.7</b>        | <b>8.7</b>  |
| <b>Accumulated depreciation according to plan</b> |             |             |                   |             |
| Opening depreciation                              | -6.0        | -5.9        | -7.2              | -5.3        |
| Depreciation during the year                      | -0.3        | -0.1        | -1.5              | -1.9        |
| <b>Closing accumulated depreciation</b>           | <b>-6.3</b> | <b>-6.0</b> | <b>-8.7</b>       | <b>-7.2</b> |
| <b>Closing book value</b>                         | <b>0.6</b>  | <b>0.9</b>  | <b>0.0</b>        | <b>1.5</b>  |

## NOTE 8 TANGIBLE FIXED ASSETS

| SEK million                                       | Equipment, tools<br>and installations |             |
|---|---------------------------------------|-------------|
|   | 2009                                  | 2008        |
| <b>Accumulated acquisition values</b>             |                                       |             |
| Opening acquisition value                         | 7.9                                   | 7.1         |
| Acquisitions                                      | 0.1                                   | 0.8         |
| <b>Closing accumulated acquisition value</b>      | <b>8.0</b>                            | <b>7.9</b>  |
| <b>Accumulated depreciation according to plan</b> |                                       |             |
| Opening depreciation                              | -6.6                                  | -5.3        |
| Depreciation during the year                      | -0.6                                  | -1.3        |
| <b>Closing accumulated depreciation</b>           | <b>-7.2</b>                           | <b>-6.6</b> |
| <b>Closing book value</b>                         | <b>0.8</b>                            | <b>1.3</b>  |

**Leasing costs for operational leasing**

The Group has operational lease agreements for the rental of premises and business systems. The future commitment for these agreements can be seen in the following summary:

|   | 2009     |                 | 2008                                    |                 |      |
|---|----------|-----------------|---|-----------------|------|
|   | Premises | Business system | Premises                                | Business system |      |
| 2010  | 1.4      | 14.1            | 2009                                    | 1.4             | 13.4 |
| 2011  | 1.4      | 13.3            | 2010                                    | 1.4             | 13.0 |
| 2012  | 1.4      | 8.8             | 2011                                    | 1.4             | 12.2 |
| 2013  | 1.4      | 5.4             | 2012                                    | 1.4             | 7.6  |
| 2014 incl. costs through<br>contract period end | 4.1      | 1.2             | 2013 incl. costs<br>contract period end | 5.4             | 4.2  |
| Rental costs for the year amounted to           | 1.4      | 13.6            |   | 1.3             | 13.2 |

## NOTE 9 SHARES IN GROUP COMPANIES

|   | Equity<br>% | Voting<br>rights, % | Number of<br>shares | Book<br>value    |
|---|-------------|---------------------|---------------------|------------------|
| Craft Sportswear Ltd                        | 100         | 100                 | -                   | 1                |
| Dahetra A/S <sup>9</sup>                    | 100         | 100                 | -                   | 23 612           |
| DJ Frantextil AB                            | 100         | 100                 | 30 000              | 46 104           |
| EBAS Group BV <sup>1</sup>                  | 100         | 100                 | 5 100               | 27 010           |
| Form o Design i Kosta AB                    | 100         | 100                 | 100                 | 100              |
| Hefa AB <sup>2</sup>                        | 100         | 100                 | 18 985              | 47 980           |
| Intraco Holding BV <sup>3</sup>             | 59          | 59                  | 40 000              | 30 954           |
| Jobman Workwear AB                          | 100         | 100                 | 10 000              | 163 450          |
| Kosta-Förlaget AB                           | 100         | 100                 | 500                 | 1 136            |
| Liyang Xinlang Clothing Produce Co Ltd      | 100         | 100                 | -                   | 23 785           |
| New Wave Asia Ltd                           | 100         | 100                 | 1                   | 9                |
| New Wave Austria GmbH                       | 100         | 100                 | -                   | 8 360            |
| New Wave Danmark A/S                        | 100         | 100                 | 2                   | 1 180            |
| New Wave Far East Ltd                       | 100         | 100                 | 10 000              | 1                |
| New Wave Footwear AB                        | 100         | 100                 | 1 000               | 3 438            |
| New Wave France SAS                         | 100         | 100                 | 100                 | 35 546           |
| New Wave Garments Ltd                       | 100         | 100                 | -                   | 0                |
| New Wave GmbH                               | 100         | 100                 | -                   | 11 224           |
| New Wave Group Incentives AB <sup>10</sup>  | 100         | 100                 | 1 000               | 100              |
| New Wave Group International Trading Ltd    | 100         | 100                 | -                   | 0                |
| New Wave Group SA <sup>4</sup>              | 100         | 100                 | 100                 | 536              |
| New Wave Holland BV <sup>8</sup>            | 100         | 100                 | 13 614              | 84 834           |
| New Wave Italia S.r.l                       | 100         | 100                 | 500 000             | 6 670            |
| New Wave Mode AB                            | 100         | 100                 | 100 000             | 8 871            |
| New Wave Profile Professional AB            | 100         | 100                 | 1 000               | 100              |
| New Wave Profile Professional Ltd           | 100         | 100                 | 1 000               | 14               |
| New Wave Sports AB                          | 100         | 100                 | 50 000              | 5 000            |
| New Wave Sportswear A/S                     | 100         | 100                 | 9 000               | 1 022            |
| New Wave Sportswear BV                      | 100         | 100                 | 40                  | 7 397            |
| New Wave Sportswear Ltd                     | 100         | 100                 | 500 000             | 10 193           |
| New Wave Sportswear S.A.                    | 100         | 100                 | 1 000               | 38 885           |
| New Wave Trading Shanghai Ltd               | 100         | 100                 | -                   | 28 259           |
| New Wave USA Inc <sup>6</sup>               | 100         | 100                 | -                   | 441 958          |
| OKB Restaurang AB                           | 100         | 100                 | 10 000              | 10 000           |
| Orrefors Event AB                           | 100         | 100                 | 100                 | 100              |
| Orrefors Kosta Boda Holding AB <sup>5</sup> | 100         | 100                 | 100 000             | 24 481           |
| OY Trexet Finland AB                        | 100         | 100                 | 600                 | 1 412            |
| Pax Scandinavia AB                          | 100         | 100                 | 2 400               | 26 909           |
| ProJob Workwear AB                          | 100         | 100                 | 1 015 684           | 492              |
| Sagaform AB <sup>7</sup>                    | 100         | 100                 | 5 611 223           | 107 917          |
| Segeer Europé AB                            | 100         | 100                 | 10 000              | 34 599           |
| Textet AB                                   | 100         | 100                 | 58 500              | 99 900           |
| Textet Benelux BV                           | 75          | 75                  | -                   | 44 418           |
| Textet France SAS                           | 96          | 96                  | 47 798              | 10 364           |
| Textet Poland Ltd                           | 51          | 51                  | -                   | 1 858            |
| United Brands of Scandinavia Ltd. Ireland   | 100         | 100                 | -                   | 0                |
| United Brands of Scandinavia Ltd. Wales     | 100         | 100                 | -                   | 13 765           |
| X-Tend BV                                   | 100         | 100                 | 100 000             | 15 673           |
| <b>Total</b>                                |             |                     |                     | <b>1 449 617</b> |

1 EBAS Group BV owns 25% of Textet Benelux BV, 4% of Textet France SAS and 100% of Textet Harvest Spain SL.

2 Hefa AB owns the companies GC Sportswear OY and Textet GmbH.

3 Intraco Holding owns Intraco Hong Kong Ltd, Intraco International Ltd, Intraco Shenzhen Ltd, Intraco Trading BV and 60% of DeskTop Ideas Ltd.

4 New Wave Group SA owns New Wave Group Licensing SA.

5 Orrefors Kosta Boda Holding AB owns Orrefors Kosta Boda AB, which owns Galleri Orrefors Kosta Boda, Glasma AB, Orrefors Kosta Boda Leasing AB and SEA Glasbruk AB.

6 New Wave USA Inc owns Cutter & Buck as well as Orrefors Kosta Boda Inc, which in turn owns Sagaform Inc.

7 Sagaform AB owns Sagaform APS, Sagaform GmbH (Germany and Austria), Sagaform Ltd and Sagaform SAS.

8 New Wave Holland BV owns Breplast Kunststoffspritz GmbH, Lensen Toppoint BV, Toppoint Deutschland GmbH, Newpoint SPz.oo as well as 80% of Toppoint Polska SPz.oo.

9 Dahetra A/S owns Hurricane Purchases A/S.

10 New Wave group Incentives AB owns Sagaform Försäljnings AB.

## Information regarding subsidiary corporate identities and domiciles:

|  | Company registration number | Domicile                     |
|--|-----------------------------|------------------------------|
| Breplast Kunststoffspritz GmbH           | HR B 553                    | Brensbach, Germany           |
| Craft Sportswear Ltd                     | 5451215                     | London, England              |
| Cutter & Buck Inc                        | 206-830-6812                | Seattle, U.S                 |
| Dahetra A/S                              | 37764728                    | Skanderborg, Denmark         |
| Desk Top Ideas Ltd                       | 718094721                   | Oxfordshire, England         |
| DJ Frantextil AB                         | 556190-4086                 | Borås, Sweden                |
| EBAS Group BV                            | 17078626                    | Aarschot, Belgium            |
| Form o Design i Kosta AB                 | 556686-5811                 | Hovmantorp, Sweden           |
| Galleri Orrefors Kosta Boda              | - - -                       | Tokyo, Japan                 |
| GC Sportswear OY                         | 1772317-6                   | Esbo, Finland                |
| Glasma AB                                | 556085-8671                 | Emmaboda, Sweden             |
| Hefa AB                                  | 556485-2126                 | Hisingås Kärå, Sweden        |
| Hurricane Purchase A/S                   | 16503770                    | Skanderborg, Denmark         |
| Intraco Holding BV                       | 34228913                    | Wormerveer, The Netherlands  |
| Intraco Hong Kong Ltd                    | 33959038-000-10-03-3        | Hong Kong                    |
| Intraco International Ltd                | 35134648-000-11-04-7        | Hong Kong                    |
| Intraco Shenzhen Ltd                     | - - -                       | Shenzhen, China              |
| Intraco Trading BV                       | 35027019                    | Wormerveer, The Netherlands  |
| Jobman Workwear AB                       | 556218-1783                 | Stockholm, Sweden            |
| Lensen Toppoint BV                       | 5055988                     | Bergentheim, The Netherlands |
| Liyang Xinlang Clothing Produce Co Ltd   | 4118                        | ShangHai, China              |
| New Wave Asia Ltd                        | 1213487                     | Hong Kong                    |
| New Wave Austria GmbH                    | FN272531g                   | Eli, Austria                 |
| New Wave Danmark A/S                     | 234083                      | Copenhagen, Danmark          |
| New Wave Far East Ltd                    | 551901                      | Hong Kong                    |
| New Wave Footwear AB                     | 556537-4971                 | Borås, Sweden                |
| New Wave France SAS                      | 430 060 624 000 29 514C     | Dardilly, France             |
| New Wave Garments Ltd                    | 755013846                   | ShangHai, China              |
| New Wave GmbH                            | HRB10847                    | Oberaudorf, Germany          |
| New Wave Group Incentives AB             | 556544-8833                 | Borås, Sweden                |
| New Wave Group International Trading Ltd | 74959455X                   | ShangHai, China              |
| New Wave Group SA                        | CH-645-1009704-1            | Cortailod, Switzerland       |
| New Wave Holland BV                      | 5061847                     | Hardenberg, The Netherlands  |
| New Wave Italia S.r.l                    | 1730/9310/45                | Codogno, Italy               |
| New Wave Licensing SA                    | CH-645-4099083-3            | Cortailod, Switzerland       |
| New Wave Mode AB                         | 556312-5771                 | Dingle, Sweden               |
| New Wave Profile Professionals AB        | 556765-0782                 | Dingle, Sweden               |
| New Wave Profile Professionals Ltd       | 893996                      | Hong Kong                    |
| New Wave Sports AB                       | 556529-1845                 | Borås, Sweden                |
| New Wave Sportswear A/S                  | 946506370                   | Sarpsborg, Norway            |
| New Wave Sportswear BV                   | 30159098                    | Mijdrecht, The Netherlands   |
| New Wave Sportswear Ltd                  | 3817967                     | London, England              |
| New Wave Sportswear S.A.                 | 29963 166887 0190 B1        | Barcelona, Spain             |
| New Wave Trading Shanghai Ltd            | 3100667752841,0             | ShangHai, China              |
| New Wave USA Inc                         | 26-28441698                 | Seattle, U.S                 |
| Newpoint Sp. z o.o.                      | 270348                      | Zielona Góra, Poland         |
| OKB Restaurang AB                        | 556697-8804                 | Orrefors, Sweden             |
| Orrefors Event AB                        | 556699-2565                 | Orrefors, Sweden             |
| Orrefors Kosta Boda AB                   | 556037-0561                 | Orrefors, Sweden             |
| Orrefors Kosta Boda Holding AB           | 556519-1300                 | Orrefors, Sweden             |
| Orrefors Kosta Boda Inc                  | - - -                       | West Berlin, USA             |
| Orrefors Kosta Boda Leasing AB           | 556374-8804                 | Orrefor, Sweden              |
| OY Trexet Finland AB                     | 534.545                     | Esbo, Finland                |
| Pax Scandinavia AB                       | 556253-8685                 | Örebro, Sweden               |
| Projob Workwear AB                       | 556560-7180                 | Borås, Sweden                |
| Sagaform AB                              | 556402-4064                 | Borås, Sweden                |
| Sagaform APS                             | 25818253                    | Karlebo, Denmark             |
| Sagaform Försäljnings AB                 | 556523-2179                 | Borås, Sweden                |
| Sagaform GmbH                            | 47619                       | Frankfurt am Main, Germany   |
| Sagaform GmbH                            | 195299f                     | Salzburg, Austria            |
| Sagaform Inc                             | - - -                       | West Berlin, US              |



|                                  |                |                          |
|----------------------------------|----------------|--------------------------|
| Sagaform Ltd                     | 4903053        | London, England          |
| Sagaform OY                      | 1712321-8      | Esbo, Finland            |
| Sagaform SAS                     | 48093654100014 | Courbevoie Cedex, France |
| SEA Glasbruk AB                  | 556066-8883    | Kosta, Sweden            |
| Sejer Europe AB                  | 556244-8901    | Gällstad, Sweden         |
| Textet AB                        | 556354-3015    | Stockholm, Sweden        |
| Textet Benelux NV                | BE 404998.655  | Aarschot, Belgium        |
| Textet Deutschland GmbH          | 24/430/01304   | Oberaudorf, Germany      |
| Textet France SAS                | 305035693      | Natterre Cedex, France   |
| Textet GmbH                      | 328/5857/0728  | Menden, Germany          |
| Textet Harvest Spain SL          | A 78480696     | Madrid, Spain            |
| Textet Poland Ltd                | - - -          | Poznan, Polen            |
| Toppoint Deutschland GmbH        | HR B 1986      | Nordhorn, Germany        |
| Toppoint Polska Sp. z o.o.       | 220828         | Zielona Góra, Poland     |
| United Brands of Scandinavia Ltd | 403479         | Dublin, Ireland          |
| United Brands of Scandinavia Ltd | 5480650        | Hirwaun, South Wales     |
| X-Tend BV                        | 8108654        | Zwolle, The Netherlands  |

## NOTE 10 FINANCIAL FIXED ASSETS

## Reported acquisition costs for the associated companies

| SEK million                            | 2009        | 2008        |
|--|-------------|-------------|
| Dingle Industrilokaler AB              | 8.3         | 8.3         |
| Glasrikets skatter ekonomiska förening | 1.0         | 0.0         |
| Kosta Köpmanshus AB                    | 29.4        | 29.4        |
| Pensionat Orrefors AB                  | 0.1         | 0.0         |
| Vist Fastighetsbolag AB                | 13.5        | 13.5        |
| <b>Total</b>                           | <b>52.3</b> | <b>51.2</b> |

## NOTE 11 PREPAID EXPENSES AND ACCRUED INCOME

| SEK million             | 2009        | 2008       |
|-------------------------|-------------|------------|
| Leases                  | 9.0         | 5.1        |
| Prepaid credit fees     | 0.1         | 0.5        |
| Prepaid rents           | 0.1         | 0.4        |
| Prepaid directory costs | 7.9         | 0.0        |
| Other items             | 0.2         | 0.0        |
| <b>Total</b>            | <b>17.3</b> | <b>6.0</b> |

## NOTE 12 UNTAXED RESERVES

| SEK million   | 2009        | 2008        |
|---|-------------|-------------|
| The difference between reported depreciation and depreciation according to plan | 0.0         | 0.8         |
| Tax allocation reserve 06   | 11.0        | 11.0        |
| Tax allocation reserve 07   | 15.7        | 15.7        |
| Tax allocation reserve 08   | 5.9         | 5.9         |
| Tax allocation reserve 09   | -           | -           |
| Tax allocation reserve 10   | 1.0         | -           |
| <b>Total</b>  | <b>33.6</b> | <b>33.4</b> |

Deferred tax on untaxed reserves amounts to SEK 8.8 million (SEK 8.8 million).

## NOTE 13 EQUITY

## Division of share capital

The parent company's share capital consisted of the following number of shares as at December 31, 2009, with a quoted value of up to SEK 3.00 per share.

## Shares %

| Share class  |          | No. of shares     | No. of votes       | Capital      | Votes        |
|--------------|----------|-------------------|--------------------|--------------|--------------|
| A            | 10 votes | 20 707 680        | 207 076 800        | 31.2         | 81.9         |
| B            | 1 vote   | 45 635 863        | 45 635 863         | 68.8         | 18.1         |
| <b>Total</b> |          | <b>66 343 543</b> | <b>252 712 663</b> | <b>100.0</b> | <b>100.0</b> |

## NOTE 14 CREDIT LIMIT

Amount granted in relation to loans and bank overdraft facilities amounts to SEK 2 762 million (SEK 3 319 million).

The company's overdraft facilities with the bank are defined as long-term as this is a part of the company's 5-year credit facility of SEK 2 875 million which has been defined as bank overdraft facilities. The credit facility is valid until the end of April 2011.

## NOTE 15 ACCRUED EXPENSES AND PREPAID INCOME

| SEK million             | 2009       | 2008       |
|-------------------------|------------|------------|
| Accrued salaries        | 0.3        | 0.0        |
| Holiday pay liability   | 2.6        | 3.2        |
| Social security charges | 0.8        | 0.8        |
| Leases                  | 0.4        | 1.2        |
| Audit                   | 0.0        | 0.1        |
| Interest                | 0.5        | 3.1        |
| Other items             | 1.5        | 0.6        |
| <b>Total</b>            | <b>6.1</b> | <b>9.0</b> |

## NOTE 16 PLEDGED ASSETS AND MATURED LIABILITIES

| Liability                       |         | Due for payment |                           |                       | Pledged asset | Liability as per Dec. 31, 2008 |
|---------------------------------|---------|-----------------|---------------------------|-----------------------|---------------|--------------------------------|
|                                 |         | Within 1 year   | Between one to five years | Later than five years |               |                                |
| Liability to credit institution | 1 686.9 | -               | 1 686.9                   | -                     | see below     | 2 536.0                        |

Pledged assets in relation to debts to credit institutions and overdraft facilities

|                             | 2009           | 2008           |
|-----------------------------|----------------|----------------|
| Company mortgages           | 30.0           | 30.0           |
| Shares in subsidiary        | 1 449.6        | 2 115.2        |
| Shares in associate company | 8.3            | 8.3            |
| Trademarks                  | 0.6            | 0.9            |
| <b>Total</b>                | <b>1 488.5</b> | <b>2 154.4</b> |

## NOTE 17 CONTINGENT LIABILITIES

| SEK million                 | 2009  | 2008  |
|-----------------------------|-------|-------|
| Guarantees for subsidiaries | 299.9 | 338.5 |

The Swedish Tax Agency has carried out an audit of New Wave Group AB. The audit was mainly focused on internal group transactions. The Swedish Tax Agency has decided to additionally tax New Wave Group AB by SEK 0.4 million for the income year 2005, by SEK 55.9 million for 2006 and by SEK 63.7 million for 2007. Of the amounts listed above, a total of SEK 118.7 million relates to royalties for trademarks used by the Group's subsidiaries and which the Swedish Tax Agency believes that New Wave Group AB should receive. Assessment for arrears led to further taxation totalling SEK 33.8 million including tax surcharges (SEK 0.2 million for the income year 2005, SEK 15.8 million for 2006 and SEK 17.8 million for 2007). Of the additional tax above of SEK 33.8 million, SEK 33.2 million is attributable to the part relating to royalties.

New Wave Group AB is contesting the judgement and has appealed against the Swedish Tax Agency's decision. New Wave Group AB follows the applicable tax laws and regulations and estimates that the royalties in question have been managed fully in accordance with tax legislation.

## NOTE 18 FINANCIAL INCOME AND EXPENSES

| SEK million   | 2009         | 2008         |
|---|--------------|--------------|
| Profit/loss from internal Group sales of subsidiaries | -17.8        | 36.2         |
| Dividends from subsidiaries                           | 194.9        | 266.5        |
| Financial income, Group companies                     | 50.6         | 41.9         |
| Financial income, other                               | 33.6         | 108.6        |
| Financial expenses, Group companies                   | -9.4         | -16.0        |
| Financial expenses, other                             | -44.1        | -170.7       |
| <b>Total</b>  | <b>207.8</b> | <b>266.5</b> |

## NOTE 19 RELATED PARTIES

**Related parties**

Of the parent company's invoiced sales, SEK 139.0 million (SEK 133.0 million) equivalent to 100% (100) were sales to Group companies. All transactions have occurred in accordance with market conditions.

**Transactions with key figures in management positions**

There are lease agreements with associated companies. The parent company has purchased consultancy services from a member of the board. The CEO has rented premises for private use during the year. All transactions have occurred in accordance with market conditions.

# Auditor's report

## To the Annual General Meeting of New Wave Group AB (publ)

556350-0916

We have audited the annual report, the consolidated financial statements, the accounting records and the administration of the Board and the CEO of New Wave Group AB (publ) for the 2009 financial year. The company's annual report and consolidated financial statements are included in the printed version of this document on pages 36–72. The Board and the CEO are responsible for the accounting records and the administration of the company, as well as for the application of the Annual Accounts Act when preparing the annual report and the application of the International Financial Reporting Standards (IFRS) adopted by the EU and the Annual Accounts Act when preparing the consolidated financial statements. Our responsibility is to express an opinion of the annual report, the consolidated financial statements and the administration of the company based on our audit.

The audit was conducted in accordance with generally accepted accounting standards in Sweden. This means that we have planned and performed the audit to obtain reasonable assurance that the annual report and consolidated financial statements are free of material misstatement. An audit involves examining a selection of the documentation for the amounts and other disclosures in the accounting records. An audit also includes assessing the accounting principles used and their application by the Board and the CEO, as well as evaluating the significant assumptions made by the Board and the CEO when preparing the annual report and consolidated financial statements, as well as evaluating the overall presentation of information in the annual report and consolidated financial statements. As the basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, of any Board member or the CEO to pay compensation to the company. We have also examined whether any Board member or the CEO has performed any other act in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the company's Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual report has been prepared in accordance with the Swedish Annual Accounts Act, and thus provides a fair and true view of the company's results and financial position in accordance with generally accepted accounting standards in Sweden. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act and provide a fair and true view of the Group's results and financial position. The Directors' Report is consistent with the annual report and other parts of the consolidated financial statements.

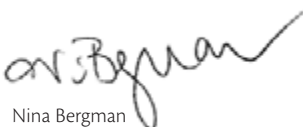
We recommend that the Annual General Meeting adopt the income statements and balance sheets for the parent company and the Group, appropriate the profit of the parent company in accordance with the proposal in the Directors' Report and discharge the CEO and members of the Board from liability for the financial year.

Gothenburg, April 21, 2010

Ernst & Young AB



Sven-Arne Gårdh  
Authorised Public Accountant



Nina Bergman  
Authorised Public Accountant



# The Group's Development in Brief

| <b>Income statements in brief, SEK million</b>              | <b>2009</b>    | <b>2008</b>    | <b>2007</b>    | <b>2006</b>    | <b>2005</b>    |
|---|----------------|----------------|----------------|----------------|----------------|
| Net sales   | 4 087.0        | 4 604.2        | 4 194.0        | 3 530.5        | 3 059.0        |
| Other operating income                                      | 68.9           | 56.5           | 37.7           | 23.1           | 25.8           |
| Operating costs   | -3 912.9       | -4 227.7       | -3 772.0       | -3 168.7       | -2 757.7       |
| Profit before depreciation                                  | 243.0          | 433.0          | 459.7          | 384.9          | 327.1          |
| Depreciation according to plan                              | -70.6          | -64.2          | -53.9          | -40.1          | -31.5          |
| Profit after depreciation                                   | 172.4          | 368.8          | 405.8          | 344.8          | 295.6          |
| Net financial items   | -46.2          | -136.0         | -90.8          | -54.6          | -41.6          |
| Profit after net financial items                            | 126.2          | 232.8          | 315.0          | 290.2          | 254.0          |
| Tax   | -38.4          | -84.9          | -83.7          | -63.1          | -47.3          |
| <b>Profit after tax</b>                                     | <b>87.8</b>    | <b>147.9</b>   | <b>231.3</b>   | <b>227.1</b>   | <b>206.7</b>   |
| <b>Balance sheets in brief</b>                              |                |                |                |                |                |
| Trademarks  | 392.2          | 413.2          | 367.7          | 133.0          | 134.3          |
| Other fixed assets  | 1 367.2        | 1 468.4        | 1 370.4        | 833.5          | 791.5          |
| Stock   | 1 624.8        | 2 200.3        | 1 862.1        | 1 519.3        | 1 466.8        |
| Accounts receivable   | 735.3          | 835.8          | 883.0          | 745.2          | 708.5          |
| Other current assets  | 202.4          | 261.8          | 211.0          | 134.3          | 147.5          |
| Liquid assets   | 80.4           | 191.2          | 115.5          | 114.2          | 133.8          |
| <b>Total assets</b>   | <b>4 402.3</b> | <b>5 370.7</b> | <b>4 809.7</b> | <b>3 479.5</b> | <b>3 382.4</b> |
| Equity attributable to shareholders                         | 1 773.6        | 1 797.9        | 1 426.3        | 1 300.7        | 1 134.1        |
| Equity attributable to minority                             | 33.5           | 35.9           | 11.9           | 10.0           | 9.9            |
| Provisions  | 195.6          | 203.0          | 210.0          | 109.7          | 104.9          |
| Interest-bearing liabilities                                | 1 821.2        | 2 767.5        | 2 472.5        | 1 430.6        | 1 622.5        |
| Non-interest-bearing liabilities                            | 578.4          | 566.4          | 689.0          | 628.5          | 511.0          |
| <b>Total equity and liabilities</b>                         | <b>4 402.3</b> | <b>5 370.7</b> | <b>4 809.7</b> | <b>3 479.5</b> | <b>3 382.4</b> |
| <b>Cash flows</b>   |                |                |                |                |                |
| Cash flow before changes in working capital and investments | 138.9          | 163.1          | 259.3          | 299.7          | 218.2          |
| Changes in working capital                                  | 667.4          | -431.1         | -176.3         | -18.4          | -315.6         |
| Cash flow before investments                                | 806.3          | -268.0         | 83.0           | 281.3          | -97.4          |
| Net investments   | -23.0          | -65.2          | -1 165.7       | -49.3          | -220.2         |
| Cash flow after investments                                 | 783.3          | -333.2         | -1 082.7       | 232.0          | -317.6         |
| Financial payments  | -884.8         | 377.2          | 1 081.5        | -246.4         | 361.7          |
| <b>Cash flow for the year</b>                               | <b>-101.5</b>  | <b>44.0</b>    | <b>-1.2</b>    | <b>-14.4</b>   | <b>44.1</b>    |
| <b>Key figures</b>  |                |                |                |                |                |
| Gross margin, %   | 46.5           | 48.5           | 47.6           | 47.9           | 46.4           |
| Operating margin, %   | 4.2            | 8.0            | 9.7            | 9.8            | 9.7            |
| Profit margin, %  | 3.1            | 5.1            | 7.5            | 8.2            | 8.3            |
| Net margin, %   | 2.1            | 3.2            | 5.5            | 6.4            | 6.8            |
| Return on capital employed, %                               | 4.3            | 9.0            | 12.8           | 12.9           | 13.0           |
| Return on equity, %   | 4.9            | 9.2            | 17.1           | 18.7           | 20.3           |
| Equity/assets ratio, %                                      | 41.0           | 34.1           | 29.9           | 37.7           | 33.8           |
| Net debt/equity ratio, %                                    | 96.3           | 140.5          | 163.9          | 100.4          | 130.1          |
| Proportion of risk-bearing capital, %                       | 42.4           | 35.2           | 33.8           | 40.5           | 35.9           |
| Interest coverage ratio, times                              | 3.4            | 2.6            | 4.0            | 5.5            | 6.2            |
| Rate of capital turnover, times                             | 0.8            | 0.9            | 1.0            | 1.0            | 1.2            |
| Rate of stock turnover, times                               | 1.1            | 1.2            | 1.3            | 1.2            | 1.5            |
| Average number of employees                                 | 2 203          | 2 562          | 2 350          | 2 207          | 1 714          |
| Wage costs incl. social security contributions, SEK million | 710.4*         | 807.1*         | 632.7          | 471.0          | 410.7          |
| Sales outside Sweden, %                                     | 70.9           | 70.9           | 66.8           | 60.7           | 61.0           |

\* Includes production staff.

| <b>Data per share<sup>1</sup></b>     | <b>2009</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> | <b>2005</b> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Number of shares before dilution      | 66 343 543  | 66 343 543  | 66 343 543  | 65 430 660  | 64 210 410  |
| Number of shares after dilution       | 67 343 543  | 66 343 543  | 68 843 543  | 65 681 234  | 65 306 999  |
| Profit per share before dilution, SEK | 1.29        | 2.18        | 3.46        | 3.45        | 3.16        |
| Profit per share after dilution, SEK  | 1.27        | 2.18        | 3.33        | 3.44        | 3.11        |
| Equity per share, SEK                 | 27.24       | 27.64       | 21.68       | 20.03       | 17.82       |
| Equity per share after dilution, SEK  | 26.83       | 27.64       | 20.89       | 19.96       | 17.38       |
| Share price as at December 31, SEK    | 27.50       | 6.25        | 67.50       | 77.25       | 88.00       |
| P/E ratio as at December 31           | 20.54       | 2.87        | 19.36       | 22.26       | 27.33       |
| Dividend per share, SEK               | 0.25        | 0.18        | 1.00        | 1.00        | 0.90        |
| Dividend yield, %                     | 0.9         | 2.9         | 1.5         | 1.3         | 1.0         |
| Operating cash flow per share, SEK    | 12.15       | -4.04       | 1.25        | 4.30        | -1.52       |

<sup>1</sup> Data per share has been calculated in respect of 2:1 split during 2005 and 2004

## Definitions

### Share of risk-bearing capital

Total equity and deferred tax liabilities (including minority) divided by the balance sheet total.

### Return on equity

Net profit according to income statement in percent of average adjusted equity.

### Return on capital employed

Profit after net financial items plus financial costs in percent of average capital employed.

### Gross margin

Sales with deductions for direct product costs in percent of the year's income.

### Rate of capital turnover

Turnover divided by average balance sheet total.

### Net margin

Net profit as percentage of the year's income.

### Net debt/equity ratio

Interest bearing liabilities less interest bearing assets as a percentage of equity.

### Interest coverage ratio

Profit after net financial items plus financial costs divided by financial costs.

### Operating margin

Operating profit after depreciation as a percentage of the year's income.

### Equity/assets ratio

Equity including minority as a percentage of balance sheet total.

### Capital employed

Balance sheet total less non-interest bearing liabilities and non-interest bearing provisions.

### Stock turnover

Cost of sold goods divided by average stock.

### Profit margin

Profit after net financial items as a percentage of the year's income.

### Profit per share

Net profit in relation to a weighted average of the outstanding number of shares.





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annel



KOSTA LINNEWÄFVERI  
SWEDEN 1878



PAX®



CLIQUE®



sagaform



PROJOB  
SVENSKA YRKESKLÄDER



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## **NEW WAVE SPORTS AB**

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## **NEW WAVE NORWAY AS**

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## **OKB HOTELL & RESTAURANG AB**

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SWEDEN

## **ORREFORS KOSTA BODA AB**

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## **PROJOB WORKWEAR AB**

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## **X-TEND BV**

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## Board of Directors



**Anders Dahlvig**, born 1957. Chairman of the Board since May 2009. President and CEO, IKEA group (April 1999 to September 2009). Shareholdings in New Wave Group AB: Share options totalling 75,000 class B shares.



**Christina Bellander**, born 1955. Member of the Board since 2009. Other directorships: Chairman of the Board of Fabaris AB and Member of the Board for the School of Education and Communication at Jönköping University.



**Göran Härstedt**, born 1965. Member of the Board since 2009. Lawyer and partner at Advokatfirman Lindahl. Other directorships: Chairman of the Board for 10 companies within the New Wave Group as well as of Qeep Group AB. Member of the Board of Vist Fastighets AB (associated to New Wave Group) and Forcera AB. Shareholdings (direct and through companies) in New Wave Group AB: 250,000 class B shares and share options totalling 155,000 class B shares.



**Helle Kruse Nielsen**, born 1953. Member of the Board since 2009. Other directorships: Member of the Boards of Swedbank AB, Oriflame Cosmetics SA, Gumlink A/S and AkerBioMarine ASA.



**Mats Årjes**, born 1967. Member of the Board since 2007. Managing Director of SkiStar AB. Other directorships: Chairman of the Swedish Ski Association. Shareholdings in New Wave Group AB (direct and through companies): 10,000 class B shares and share options totalling 50,000 class B shares.



**Torsten Jansson**, born 1962. Managing Director and CEO. Member of the Board since 1991. Founder of New Wave Group AB and majority shareholder. Shareholdings (direct and through companies) in New Wave Group AB: 20,707,680 class A shares and 763,000 class B shares and share options totalling 180,000 class B shares.

## Group Management



**Torsten Jansson**, born 1962. Founder of the company and majority shareholder. Shareholdings (direct and through companies) in New Wave Group AB: 20,707,680 class A shares and 763,000 class B shares and share options totalling 180,000 class B shares.



**Tomas Jansson**, born 1965. North Europe Manager Corporate Promo and Managing Director of New Wave Mode AB. Employed since 1993. Shareholdings (direct and through companies) in New Wave Group AB: 20,000 class B shares and share options totalling 143,000 class B shares.



**Lars Jönsson**, born 1964. Chief Financial Officer. Employed since 2007. Shareholdings in New Wave Group AB: 50,000 class B shares and share options totalling 28,000 class B shares.



**Randy Royce**, born 1970. Chief Buying Officer. Employed since 2007. Shareholdings in New Wave Group AB: Share options totalling 73,000 class B shares.

## AGM

The Annual General Meeting (AGM) will take place on Tuesday 18 May 2010 at 1 pm at the Kosta Boda Art Hotel, Stora Vägen 75, SE-360 52 Kosta, Sweden. Shareholders have the right to attend the AGM if they are registered in the copy of the share register made on 11 May 2010 and notify the company of their intention to attend the AGM by 12 noon on 12 May 2010 at the latest.

### Nominee registered shares

Shareholders with nominee registered shares must register their shares in their own name with Euroclear Sweden AB to be entitled to attend the Annual General Meeting. This registration must be completed by 11 May 2010 and an application shall therefore be made to the nominee in good time before this date.

### Notification

Notification of attendance at the AGM shall be made by letter or email to: New Wave Group AB (publ) Orrekulla Industrigata 61 SE-42536 Hisings Kärra Sweden bolagsstamma@nwg.se

The notification shall state: Name, personal identification number/company registration number and daytime phone number. Shareholders who wish to attend the AGM must have notified the company of this before 12 noon on 12 May 2010, when the notification deadline expires.

### Issues

The issues prescribed by law and the articles of association, the below proposals for dividends and other issues mentioned in the notice to convene the meeting will be addressed at the AGM.

### Dividend payment

The Board proposes to the Annual General Meeting a dividend for 2009 of SEK 0.25 per share, corresponding to a total of SEK 16,586 million. The Board has proposed 21 May 2010 as the record day for the dividend. This record day assumes payment of the dividend from Euroclear Sweden AB on 26 May 2010.

## Auditors

**Sven-Arne Gårdh**, born 1958. Authorised Public Accountant, Ernst & Young. Auditor of the company since 2007.

**Nina Bergman**, born 1979. Authorised Public Accountant, Ernst & Young. Auditor of the company since 2009.



### **“James Harvest adds profile to your business”**

James Harvest Sportswear was created as a tribute to a great baseball player, one who was always hard working, never dull or boring, and had a flair for the unexpected. James Harvest Sportswear captures these qualities. Based on American collegiate fashion, the clothes are always of the highest quality. Clothes and styles that stand the test of time. James Harvest Sportswear is comfortable yet sporty. “Sporty elegance” is an expression that readily comes to mind. Experience shows that business and organisations, that find quality to be an extremely important part of their market communication, most often choose James Harvest Sportswear as their supplier for identity clothes and advertising garments.